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NEWS SUMMARY

GENERAL

Act now against Smith—Africans

African leaders taking part in the Commonwealth heads of Government summit at Kingston, Jamaica, are demanding political and material support for guerilla warfare in Rhodesia if diplomacy cannot produce a speedy transfer to Black rule.

However, in a skilful response to such demands—notably in a keynote speech by President Kaunda of Zambia—Mr. Harold Wilson side-stepped African criticism of his own Government's record on Rhodesia and was applauded as he announced a sequence of ways of boosting Britain's assistance to Black Rhodesians.

Earlier President Kaunda had asked the Commonwealth to support achievement of independence "by peaceful means if possible, but through an intensified armed struggle if inevitable."

Back Page. Wilson to speak on world trade, Page 5

Convention poll in Ulster to-day

All Northern Ireland's established political parties called for a big turnout at to-day's Ulster Convention poll. As the campaign ended last night, independent observers considered that the three Protestant Loyalist parties of the United Ulster Unionist Council would secure a slim overall majority of Convention seats. Page 11

A bomb explosion caused extensive damage to an Orange hall in north Belfast last night. In London the Independent Broadcasting Authority ordered postponement of to-day's "This Week" programme about Provisional IRA fund-raising in the U.S.

Some consultants reject Castle deal

The Hospital Consultants and Specialists Association intends to continue its dispute with Mrs. Barbara Castle, Social Services Secretary. First indications of a ballot show that the majority of members of this breakaway body from the British Medical Association are opposed to the new NHS contract being offered by Mrs. Castle. The HCSA, which claims to represent half of Britain's 11,000 consultants, has recommended its members to continue to work to rule.

Opinion test

To-day's election of councillors for one-third of the seats on England's 36 metropolitan district councils, all in the North and Midlands, faces the major parties with their first real test of public opinion since the General Election.

Warm May

Rather warm weather can be expected this month apart from one or two cool spells, the Meteorological Office forecasts. Temperatures will be mostly above average. Page 11

Newmarket on

The 1,000 Guineas is to be run at Newmarket to-day despite an official pay strike by about 250 of the town's 900 stable lads which began yesterday. Guineas meeting, Page 2

Briefly . . .

Egypt has dismissed as "hallucinations" and "utter fabrications" Libyan reports of an attempted army coup against President Sadat. Page 8

Archbishop of Canterbury, Dr. Donald Coggan, has flown to Canada for a 12-day official visit.

Giant tanker Lepton, 144,000 tons, was anchored in the Channel off Dungeness last night after drifting with engine trouble.

World record price of £103,383 was paid at a Christie's Geneva sale for a single item of silver—a tureen and stand. Saleroom, Page 2

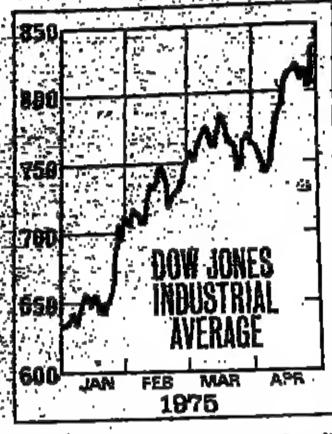
BUSINESS

Equities off 6.7; Wall St. 18.3 ahead

● EQUITIES were weighed down by fears of higher interest rates and renewed possibilities of industrial unrest. At 2 p.m. the FT 30-share index was 8.4 down but closed 6.7 off at 327.2.

● GILTS continued to lack support, particularly longs. Falls ranged to ¾ at the close. Government Securities index fell 0.41 to 56.69.

● WALL STREET closed 18.30 up at 821.34. A ten-point climb in the last hour coincided with hints that President Ford will delay imposing oil import tariffs for another three weeks.



● STERLING lost 45 points, closing at $2.3520. Its weighted fall widened from 22.6 to 22.7 per cent.—a new low. Dollar's fall widened from 6.76 to 6.85 per cent. French franc showed continued strength. Its weighted rise improved from 4.22 to 4.29 per cent.

● GOLD fell $1 to $167.

● BASE RATE of the Finance Houses Association has been cut by 1 per cent. to 10½ per cent.—the third drop in successive months.

● PRESIDENT FORD has again postponed implementation of the second phase of the crude oil import tariff scheme. Page 5

Brandts to quit bank committee

● BRANDTS is leaving the Accepting Houses Committee because planned changes in its management relationships within the Grindlays Bank group will mean Brandts no longer has the independence which is "the mark" of committee members. Back Page

● PAY TALKS covering 40,000 merchant navy seamen adjourned last night after a 30 per cent. offer was turned down Back Page

● NATIONALISATION Bill for the aerospace and shipbuilding industries was given its first reading yesterday. It is to be published in full to-day. Page 12. Guillotine motion on the Industry Bill is postponed until May 10. Page 16

● STEEL PRODUCERS' plea for short-term help was turned down by the European Council. Page 7

● MACHINE TOOL group Alfred Herbert would halve its product range if joint management-employee proposals for restructure are accepted by the Government. Back Page

● BREAD goes up 1p a loaf on Monday, the Department of Prices confirmed yesterday.

COMPANIES

● GESTETNER Holdings plans to raise £10.8m. with a rights issue of loan stock convertible into non-voting Ordinary. Back Page and Lex

● CLARKE CHAPMAN, electrical and mechanical engineers, reports 1974 profits up £2.4m. to £6.74m., including a full year's contribution from ICL Group. Page 33 and Lex

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated)

RISES

S. Rhodesia 4½pc '87-92	£31	+ 4
Brocks Group	60	+ 16
Burton "A"	68	+ 6
Direct Spanish Tgrph.	56	+ 5
Hawthorn Leslie	59	+ 5
Keay (Thos. C.)	80	+ 8
Robb Caledon	59	+ 5
Anglo American Crp.	454	+ 9
Buffels	£20	+ ½
MIM Holdings	197	+ 6
Southern Kinta	110	+ 8
Winkelhaak	£11½	+ ½

FALLS

Treasury 4pc '72-77	£85¼	− ¾
Treasury 12½pc 1993	£89½	− ¾
APV	213	− 12
Allen Harvey & Ross	255	− 25
Babcock and Wilcox	98	− [illegible]
Bowater	142	− [illegible]
Cavenham	111	− [illegible]
Clarke Chapman	75	− [illegible]
GEC	113	− [illegible]
Gestetner "A"	155	− [illegible]
GUS "A"	193	− [illegible]
Hawker Siddeley	296	− [illegible]
Land Securities	225	− [illegible]
Laurence Scott	36	− [illegible]
Lloyds Bank	220	− 10
Lyons (J.) "A"	150	− [illegible]
MEPC	189	− 10
Marks and Spencer	228	− [illegible]
Martin (Tom)	54	− [illegible]
Matthews Wrightson	155	− 10
Paterson Zochonis 'A'	340	− 20
Royal Insurance	297	− 10
Sunley (B.)	165	− 10
Thomson Caravans	23	− 10
Trafalgar House	107	− [illegible]
Unilever	372	− [illegible]
Union Discount	285	− 15
BP	420	− 10

(FT stock indices and FT-Actuaries summary Page 35.)

Troops told to hand over arms ● Saigon will be renamed Ho Chi Minh City

Quiet end to war for Vietnam

BY STEWART DALBY: SAIGON, April 30

THE TATTERED REMNANTS of the South Vietnamese Government officially surrendered to the advancing Communist North Vietnamese and Viet Cong forces at 10.00 a.m. local time to-day.

President Duong Van Minh, the indecisive former general appointed President only three days ago, announced over Saigon radio that all South Vietnamese forces were to stop fighting, and to stay where they were.

He called on the National Liberation Front also to stop fighting and said that the South Vietnamese armed forces had been ordered to contact National Liberation Front forces everywhere in the countryside and to hand over their arms to them.

In a separate broadcast, Brigadier Nguyen Huu Hanh, the adjutant to the Commander of the Joint General Staff, ordered all units of the South Vietnamese to keep calm, to stay where they were and to hand over their arms to the Viet Cong forces.

In an astonishing entry Communist troops drove into central Saigon at 12.30, just two-and-a-half hours after the South Vietnamese Government announced the surrender.

Two truck loads of grey uniformed troops wearing solar topee type helmets drove down Tu Do Street, the town's central thoroughfare. From the roof of my hotel I watched them cheered and waved at by Saigonese. The trucks were displaying the flag of the National Liberation Front—red and blue with a yellow star in the middle.

Minutes after these two trucks appeared, T54 tanks rumbled across Tu Do Street. I went to speak to some Communist troops sitting in a truck outside the old Defence Ministry, heavily armed with grenades and AK47 rifles. They smiled and waved to me. All of them were very young.

The first tanks and armed personnel carriers entered central Saigon just after noon local time. They came from the north along Cong Ly Street and apparently one shot was fired from a tank's cannon.

By 12.30 the small park at the top of Tu Do Street in front of the presidential palace was covered with truckloads of troops and tanks. One tank smashed its way through the gates of white modern "Doc Lap" (independence) palace.

Minutes later the soldiers emerged with Duong Van Minh, the man who had taken over the presidency only three days ago in the ruins of former President Nguyen Van Thieu's military defeats. The Viet Cong flag was run up on the palace flagpole.

A Viet Cong general drove with Mr. Minh and the Prime Minister, both of whom were under arrest. It was not immediately known where the two men were taken.

I am typing this despatch in the Reuter office, which is on one side of the park in front of the sprawling presidential palace. Outside in front of the palace there are at least 20 tanks and armed personnel carriers, many of them camouflaged.

Sporadic outbursts of fire can be heard but it is not known whether these are Communist soldiers firing at last minute diehards or vice versa.

In the park beneath the trees, the Communist troops are relaxing and sitting on top of their trucks, grinning at the Vietnamese who are staring at them open-mouthed almost in disbelief. Nobody expected them to arrive this quickly.

There must at least be 2,000 troops in the square with the tanks and trucks. On their helmets are written the words "Tien vi Saigon"—"Onwards to Saigon." The tanks are parked just at the top of Thong Nhut, Embassy Row, as it is known, and just 200 yards from the American Embassy from where until early this morning a frantic helicopter evacuation of Americans and many Vietnamese was taking place.

Saigon slid rapidly towards anarchy early to-day as the President ordered South Vietnamese to stop fighting and the Americans completed their chaotic helicopter evacuation.

With the Communist forces still pressing on the South Vietnamese capital and despite a round-the-clock curfew, people spilled into the streets and were seen racing around the city on Hondas piled high with possessions.

Many were frantically making a last dash to relatives with whom they could stay until the North Vietnamese and Viet Cong over-ran Saigon.

Others were going on looting raids. One hotel, once patronised by American officials and particularly burly CIA men, has been completely stripped.

Reuter adds: Despite a few flareups—there was heavy firing outside the Reuter office near the palace for some 15 minutes—the finale apparently cost few lives.

Earlier about 100 Vietnamese had huddled on the roof of the deserted U.S. Embassy as they waited for another evacuation helicopter which never came.

The last dozen Americans, after tossing tear gas grenades at panic-stricken civilians who had broken into the building, had been plucked to safety two hours before.

UPI adds: A Saigon policeman, identified by his uniform as Lt. Col. Long, put a pistol to his head and committed suicide in the main square.

Saigon radio announced the city was henceforth to be called Ho Chi Minh City.

Some aspects of the takeover were confused. Most civil servants and government workers fled with the Communist advance, causing some electrical cuts and communications problems.

International communications were closed, opened, closed again and opened again over a six-hour period.

In general, newsmen were allowed to operate at will.

● The South Vietnamese Ambassador to Britain, Mr. Pham Dang Lam, denied that he had requested political asylum for himself and his staff.

Policy of non-alignment

THE NEW South Vietnam will follow a policy of peace and non-alignment in its relations with foreign countries, Mr. Dinh Ba Thi, head of the Provisional Revolutionary Government delegation in Paris, said yesterday.

But he made it clear that the long-cherished dream of reunification has not been dropped, writes Kevin Rafferty. Hanoi may formally reunite Vietnam by the end of the year and even aim to complete the legal process in time for the thirtieth anniversary celebrations of Ho Chi Minh's declaration of independence of September 2, 1945.

Full story Page 8

Inquiry ordered into EEC pamphlets leak

BY RICHARD EVANS, LOBBY CORRESPONDENT

AN URGENT inquiry is to be launched by the Government to discover how three referendum documents were leaked to a national newspaper.

The three documents, a popular version of the Government White Paper and leaflets prepared by the "umbrella" organisations of the pro- and anti-Marketeers, were to have been sent to every household in the U.K. at the end of May.

But publication was rushed forward prematurely last night when it was discovered that copies had reached a national newspaper.

Mr. Harold Wilson was contacted by telephone in Jamaica where he is attending the Commonwealth Premiers' conference and he authorised immediate publication.

As well as embarrasing the Government, premature publication has ruined the elaborate launching planned by both the pro-Market Britain in Europe organisation and the anti-Market National Referendum Campaign.

The Government investigation into the leak, which was ordered by Mr. Edward Short, Lord President and Minister in charge of the referendum, appears to have little chance of success as more than 60 printing companies throughout the U.K. have been involved in work on the 25m. copies of each document, being produced at a cost of £2m.

The documents will form the basis of the referendum campaign.

The simplified version of the White Paper is introduced by Mr. Wilson, who states that the renegotiated terms obtained by his Government form the basis of the Cabinet's majority recommendation to the country in favour of remaining in the Community.

"We confidently believe that these better terms can give Britain a new deal in Europe," he declares.

"A deal that will help us, help the Commonwealth, and help our partners in Europe. That is why we are asking you to vote in favour of remaining in the Community."

The White Paper sets out in simplified terms and with maps details of the EEC and the renegotiated terms. Significantly it gives prominence to statements by the Australian and New Zealand Premiers and the Jamaican Ambassador to the UN in favour of Britain's continued membership.

Prominence is also given to the issue of sovereignty. Under the heading "Will Parliament lose its power?" the document takes two of its 16 pages to refute the key sovereignty argument of the anti-Marketeers.

The leaflet in favour of continued membership, called "Why you should vote yes," stresses that the pro-Marketeers' case is not just a negative one, but is based on the real advantages for Britain, and Britain's friends, of our staying in.

If Britain came out, the document stresses, the Community would go on taking decisions which affected Britain vitally—but we would have no say in them. "We would be clinging to the shadow of British sovereignty while its substance flies out of the window."

The leaflet prepared by the National Referendum Campaign in favour of withdrawal highlights the issues of higher food prices if we stay in the EEC, the prospect of a drift of industry towards the centre of the Community and the consequent loss of jobs in the U.K., and the possibility that the U.K.'s links with the Commonwealth would be further weakened.

Details of documents and other Referendum news, Page 16
Hayward halts anti-Marketeers, Back Page

BP to accept Government North Sea participation

BY ADRIAN HAMILTON

BRITISH PETROLEUM has proved to be the first major oil company to accept Government demands for a 51 per cent. State participation in its North Sea fields. Urgent negotiations to sort out a detailed settlement are likely to start in the near future.

At the same time, the Department of Energy has also stepped in with a £38.3m. loan guarantee to back Tricentrol's share of the £280m. Thistle development in exchange for a broad participation agreement and has gained a similar promise from Associated Newspapers for its part of the Argyll Field.

The moves, which could form a crucial stage in the Government's policy to gain control of North Sea output through "voluntary negotiation," were revealed in the Commons yesterday when Mr. Eric Varley, Energy Secretary, introduced the Second Reading of the Petroleum and Sub-marine Pipelines Bill to set up the British National Oil Corporation.

Although the Tricentrol deal is in some ways the more dramatic, at least in the extent of financial guarantees the Government has been prepared to give to the company, it is BP's broad acceptance of the principle of participation which is probably most important to the Government.

Its acquiescence in the issue, given to Mr. Varley by Sir Eric Drake, BP chairman, in a recent conversation, marks the first such move by a major oil company, and one almost certain to be used by the Government as opening the way to negotiations with the more reluctant international oil companies.

Bargaining could still take some time in view of the ambiguity of the Government's offer of a "no financial loss" result for the company if it acceded to Government control.

As well as attempting to pin down this offer in hard financial terms, BP is also likely to ask for some kind of guarantees over the way in which the Government will exercise its controlling share, particularly as the company will be anxious to show the rest of the industry that it is not "selling the pass" on participation.

While the mere fact of BP's acceptance of control will not by itself sway the tougher opponents of U.K. policy, like Exxon, the hope clearly is that a detailed settlement will provide both a model for other talks and a means of reassuring companies and banks of the Government's good faith on the issue.

The other accessions to participation, such as those by Burmah, Deminex, Berry Wiggins, Tricentrol and Associated Newspapers, meanwhile, have all been gained under duress of one kind or another, either because of problems over raising North Sea funds, as in the case of Burmah and Tricentrol, or because of the need to gain Government permission for acreage deals, as in the case of Deminex and Berry Wiggins.

In this context, the Department of Energy's intervention into Tricentrol's financing problems—albeit partly caused by Government policy itself—is significant in showing the degree of Government determination to see that development programmes continue as rapidly as possible.

The move follows the difficulties which both Tricentrol and United Canso got into last autumn as small companies without the general corporate assets necessary to raise the funds for Thistle on their own credit.

Having already given at that

Continued on Back Page
Oil debate in Parliament Page 16

Tories to take hard line and oppose Leyland rescue plan

BY PHILIP RAWSTORNE

A MAJOR shift of policy, the Conservative "shadow" cabinet last night decided to oppose the Government's £1.4bn. rescue operation for British Leyland.

Mrs. Margaret Thatcher will outline the party's change of attitude towards State intervention in industry in a speech to-morrow at Derby.

Details of the party's approach to the British Leyland issue will be spelled out by Mr. Michael Heseltine, the party's industry spokesman, when he speaks to-morrow in his Henley constituency.

But it was clear last night that, under the influence of Sir Keith Joseph and Mr. Angus Maude, the party's policy overlords, the Conservatives are about to return to the sort of "lame ducks" philosophy which marked the early period of the Heath administration.

Despite the muted response last week to the Prime Minister's statement on the BL operation, Mrs. Thatcher is expected to tell party workers to-morrow that the Conservatives will vote against the Government Order in the Commons next week to provide the next interim payment of £50m. to Leyland.

The Tory Leader will place the party firmly against long-term State investment in unprofitable concerns, especially where it entails the virtual nationalisation of companies.

Instead the party's policy is likely to favour limited holding operations by the Government to enable such companies to be reorganised into viable concerns.

It is this approach which will govern the opposition to the Government's plans for Leyland. Conservative leaders will call for talks between the Government, management and unions on the scaling down of BL's operations.

The "shadow" Cabinet is convinced that sufficient funds can be found from private sources to invest in British Leyland if the company undergoes radical rationalisation.

Since last week's indecisive reaction to the Government's proposals, pressure has been growing on Tory leaders not to sanction further Government intervention, particularly on the scale involved in BL's rescue.

Labour MPs last night predicted that the abrupt change in Tory policy would do the party considerable damage in to-day's local elections, particularly in the midlands.

Terry Dodsworth writes: Sir Don Ryder, author of the 200-page rescue plan for British Leyland, yesterday ruled himself out of the running for the all-important post of non-executive chairman of the reconstituted Board.

The idea, widely canvassed in the last few days, was clearly not logical, he said. If he became chairman of the National Enterprise Board — through which the Government is proposing to hold its stake in Leyland —it would mean changing hats to monitor his own performance.

He conceded, however, that he might take on the job for a very short time if there was any need for this during the early days of change from private to public status.

Sir Don was speaking after his appearance before the all-party trade and industry sub-committee of MPs inquiring into the motor industry, at which he made it abundantly clear that he was pressing for the swiftest

Continued on Back Page

Economic Viewpoint Page 19

£ in New York

—	April 30	Previous
Spot	$2.3500-3510	$2.3545-3555
1 month	1.22-1.17 dis	1.21-1.15 dis
3 months	3.50-3.46 dis	3.30-3.23 dis
12 months	12.37-12.27 dis	12.35-12.20 dis

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LOMBARD

Where ignorance is not bliss

BY C. GORDON TETHER

IT IS a matter for no little satisfaction that the United Nations' organisation's work in the "natural resources" field is putting an increasing emphasis on probing the availability and supply of the more essential items on a global basis. For though the truth about the prospective relationship between the world's production capacity and the demands likely to be made upon it by a rapidly expanding population may prove to have some decidedly frightening "Doomsday" connotations, the sooner we know about them the better.

It may well be that our only hope of avoiding the ultimate in global disasters lies in carrying out a far-reaching restructuring of the planet's economic system during the next few years.

At the moment, there are two conflicting views about the world's ability to make its available natural resources go round as the century moves towards its close. One is extremely gloomy, its theme being that we just don't have sufficient potential under any of the more crucial headings to be able to prevent major shortfalls of supply against demand developing.

Going too far

The other main school of thought maintains that, since we will have the help of our highly sophisticated modern technology, it should be possible to count on the normal interplay of supply and demand to ensure that the problem is kept under control, taking one year with another, in the way that it always has been in the past.

It is, unhappily, going too far to say that the interaction of supply and demand has been a success story in the meaningful sense of the term — that a good third of the world's people is poverty-stricken or nearly so testifies vividly enough to that. And there is the further point that the great strides that have been made in reducing infant mortality and prolonging life have thrown down a challenge to the world's survival capabilities of a far more weighty order than has ever been encountered before.

Thus, just to maintain existing living standards, it will be necessary to double the world's output of food and other goods within the next 30 years or so, the number of people to be catered for being due to show an increase of that order during this period. Bringing the living standards of the poor countries up to an adequate level and meeting the growth aspirations of the affluent world as well would obviously call for a much bigger achievement than that.

There must be the gravest doubt we can get anywhere nearing such a target. And since this is a matter wherein it is clearly essential to err on the safe side, the case for finding out all we can about the main elements that will be needed to make up the necessary mix is unanswerable. The starting point for the exercise must clearly be a comprehensive in-depth examination of the available resources. For when this information is available, it will be both possible to gauge the extent of the problem confronting the world and to start taking action to fortify the weaker components while there is yet time.

A big help

The importance the UN's Committee on Natural Resources is placing on extending our knowledge of the basic situation is, therefore, welcome. And it is to be hoped that, in due course, an attempt will be made to draw up a realistic picture of just what future is in store for the world if it continues to organise its economic life in the way it is doing at present. As I said earlier, there may well be some shocks in store. But this is a field wherein ignorance is not likely to be bliss for very long.

An authoritative clarification of the "resources prospect" of the kind the UN should be able to provide would also be a big help in enabling the world to make the most appropriate decisions in relation to a number of alternative courses of action that are now open to it. There is, for example, the big question of whether it is right to attach as much importance as many countries are now doing to the development of nuclear power as a means of reducing dependence on the traditional forms of energy.

An article in a recent issue of the UN's news-sheet "Development" tried to demonstrate that the barrier to raising living standards throughout the world to reasonable levels presented by the shortage of energy could only be overcome by pressing forward much faster with the production of nuclear energy. This view is challenged in the current issue on grounds that the side-effects of nuclear expansion are apt to be so serious for mankind that it is a road the world would be well advised not to travel.

If we had a much clearer idea of just how far alternative supplies of energy would go, it would be much easier to say where the balance of advantage lies.

RACING BY DOMINIC WIGAN

Piggott poised

LESTER PIGGOTT, who with 20 English Classic victories to his name is only one behind the legendary Fred Archer's record total of 21, will get a tremendous reception if he can equal that haul at Newmarket to-day by landing the 1,000 Guineas on *Rose Bowl*.

Mrs. Charles Engelhard's bay filly by that outstanding miler and sire Habitat, out of Roseliere, who won both the French Oaks and Prix Vermeille, is sure to be a heavily-backed favourite on the strength of her Ladbroke Nell Gwyn Stakes success at the last meeting here.

If Rose Bowl does fail to give Piggott his first English Classic success since he snatched the 1972 St. Leger on Boucher, I believe that either Delmora or Carnauba will be the cause.

The first named, the mount of the former champion French jockey Freddie Head, had Rose Bowl a length behind her when finishing runner-up to Cry of Truth in last season's William Hill Cheveley Park Stakes, and although she could only finish third in her preparatory race for to-day's target Delmora is strongly fancied to become the first French-trained 1,000 Guineas winner since Hula Dancer won for Etienne Pollet in 1963.

Carnauba, owned by American Nelson Bunker Hunt, trained by Mr. Hunt's long-standing Italian friend Luigi Turner, and ridden by the French jockey George Doleuze, gained many admirers when comfortably landing Newbury's Fred Darling Stakes a fortnight ago.

That was a fine performance by *Carnauba* who, judged by her quote of 10 to 1 for to-day's race, is still not held in particularly high regard by many anti-post backers. She appeals as a sound each way proposition.

NEWMARKET
2.00—African Winner***
2.30—Burwell*
3.00—Major Crisis
3.35—Rose Bowl**
Carnauba (e.w.)
4.10—Quietness
4.40—Golden Charles
5.10—Tour de Force

HEREFORD
6.30—Mama Roux
7.00—Fitz
8.00—Go Baby Go

SALEROOM BY ANTONY THORNCROFT

Record silver price

A SILVER soup tureen and stand, given by Catherine the Great to her lover Count Gregory Orloff in 1770, was sold for £103,333 at a Christie's sale held in Geneva on Tuesday night. This is a world record for a single item of silver, and was the top price in a silver sale which also established a new collective record of £493,166.

The tureen was made in Paris by Jacques Roettiers, and was originally destined for Catherine herself. But she became besotted with Orloff, and over time gave him the 3,000 piece silver service, which has become known as the Orloff Service. The tureen fetched twice its estimate, and was bought by a private Geneva collector. A similar tureen from the service made £36,000 when sold by Christie's at Geneva in 1971. A matching pair of candlesticks went for £23,333 on Tuesday, also over double the estimate.

The week of sales at Geneva is Christie's most important overseas venture during the year and has gone extremely well so far, with prices in all the sales above expectation. The silver sale was particularly buoyant, and among the other high prices were the £50,000 paid by a French collector for a Louis XIV silver gilt toilet mirror, which was given by the future James II to Anne Hyde on their marriage in 1660. Again this was more than twice the estimate. However, a silver gilt standing cup and cover, made in Munster in the second half of the 16th century, sold for £20,000, below forecast.

The watch sale at Geneva on Tuesday totalled a handsome £95,965, with a gold and stone-set quarter-repeating verge watch and chatelaine of 1740 making the top price of £7,000. Yesterday most attention was centred on a porcelain sale which realised £185,555. A very handsome gold-mounted rectangular box of the mid-18th century was bought by a private American collector for £15,833, over three times the estimate. It was one of a pair; the other had sold for £7,000 at Sotheby's in December 1970.

The prices at Geneva rather overshadowed the fascinating sale of the Nostell Priory collection of Greek and Etruscan vases, also at Christie's, in London. This was regarded as the second-best collection in private hands and all the 60 lots were sold, for a total of £63,047.

Pickets handicap for 1,000 Guineas

By Michael Thompson-Noel

THE popping of champagne corks is likely to be drowned by the clamour of picket lines at Newmarket to-day where the 1,000 Guineas, the first of the season's horse racing classics, will be run in the teeth of an official strike by stable lads which started yesterday.

So far, the strike seems to involve 250 of the town's 900 lads. With the backing of their union, the Transport and General Workers, they are holding out for a £4.47 rise in basic weekly pay, to £35.31. The local trainers' federation has offered £3.

To-day's racing is likely to be a glum affair. All racecourse entrances will be picketed and because of support from members of the Association of Cinematograph, Television and Allied Technicians, ITV's coverage is likely to be blacked out.

There may also be no public address system, camera patrol, timing or photo-finish facilities, although Newmarket's clerk-of-the-course, Capt. Nick Lees, said last night he might use a pocket Polaroid camera if the worst came to the worst. "It can develop a print in 15 seconds," he said.

"There is no question of abandoning the fixture. We will run it as best we can. All we need is a starter, a judge, and three horses past the finishing post."

One of the horses which will have to cross the picket lines this morning belongs to the Queen — Joking Apart, a runner in the 1,000 Guineas. Joking Apart is trained in Berkshire.

By last night, all 40 Newmarket stables were being picketed. Mr. Sam Horncastle, the union's area organiser, said the pickets would not stop forage deliveries, nor do anything else to affect the well-being of Newmarket's 1,600 race horses.

Trainers are using volunteer help — in some cases from owners — plus the 550 stable lads not on strike, to feed, water and exercise the horses, whose total value approaches £12m.

Union charges of intimidation at the Manor Palace Yard stables of Mr. Bruce Hobbs were firmly denied by the trainer.

After a mass meeting of lads, Mr. Horncastle said: "What we want is meaningful negotiations with the Newmarket trainers. Even now we are prepared to call off our action at this stage if they will negotiate further or go to arbitration. The ball is now firmly in their court."

TV Radio

† Indicates programme in black and white.

BBC 1

9.41 a.m. For Schools, Colleges. 12.25 p.m. The 60, 70, 80 Show. 12.55 News. 1.00 Pebble Mill. 1.45 Chigley. 2.35 For Schools, Colleges. †3.58 Regional News (except London). 4.00 Play School. 4.25 Pixie and Dixie. 4.35 Jackanory. 4.50 Blue Peter. 5.15 Sam and the River. 5.40 Magic Roundabout.
5.45 News.
†6.00 Nationwide.
6.55 To-morrow's World.
7.20 Top of the Pops.
8.00 The Liver Birds.
8.30 Are You Being Served?
9.00 News.
9.25 Play for To-day.
10.40 Midweek.
†11.28 Regional News.

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. Nant-y-Pant. 6.00-6.55 Wales To-day. 6.55-7.20 Heddiw. 8.00-8.20 The Liver Birds. 8.30-9.00 Blodeugerdd. †11.28 News.

Scotland—6.00-6.55 p.m. Reporting Scotland. 8.30-9.00 Are You Being Served? †11.28 Scottish News Summary.

Northern Ireland—2.35-2.55 p.m. Ulster in Focus. 3.58-4.00 Northern Ireland News. 6.00-6.55 Scene Around Six. †8.00-8.30 Call It a Day? †11.28 Northern Ireland News Headlines.

England—6.00-6.55 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth).

BBC 2

†6.40 a.m. Open University.
11.00 Play School.
†5.25 p.m. Open University.
6.40 Homes from Home.
†7.05 Open University.
7.30 Newsday.
7.55 A Legacy.
8.45 Collector's Pieces.
9.00 Show of the Week: Twiggs starring Twiggy.
9.30 Poems and Pints.
9.50 Man Alive.
10.50 News Extra.
11.20 Closedown: Gary Watson reads "Seferis" by Lawrence Durrell.

LONDON

9.30 a.m. Schools Programmes. 10.35 The 21st Century. 11.00 Schools Programmes. 12.00 Rainbow. 12.15 p.m. Flower Stories. 12.30 Making Things Fit. 1.00 First Report: News, plus FT index. 1.20 Lunch-time To-day. 1.30 Crown Court. 2.00 Good Afternoon. 2.20 General Hospital. 2.50 Mid-week Racing from Newmarket. †4.25 Comedy Classics: Bud Abbott, Lou Costello in "Ride 'Em Cowboy!"
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Born Free.
8.00 Love Thy Neighbour.
8.30 This Week.
9.00 Special Branch.
10.00 News.
10.30 A Place in Europe.
11.00 The State of the Welfare State: The National Health Service.
12.00 What the Papers Say.
12.15 a.m. For Better . . . For Worse.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Women Only. 4.25 The Romper Room. 4.55 Around the World in 80 Days. 5.20 45. 6.00 About Anglia. 6.20 Arena. 7.00 Bygones. 7.30 The Protectors. 11.00 The Whiteoaks of Jalna. 11.55 The Living Word.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. 4.25 Voyage to the Bottom of the Sea. 5.20 Rock On With 45. 6.00 ATV Today. 7.00 Six Million Dollar Man. 10.30 Gardening Today. 11.00 Checkmate. 11.30 The Twilight Zone. 12.00 Ian Knox.

BORDER

†1.25 p.m. Border News. 2.00 Women Only. 4.25 Skippy. 4.50 Junior Library. 5.05 Cartoon Time. 5.20 Rock On With 45. 6.00 Border News and Lookaround. 7.00 Movin' On. 10.30 Gardening Today. 11.00 Maude. †11.30 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 4.25 Cowboy in Africa. 5.20 Maude. 6.00 Channel News. 6.10 Skippy. 7.00 The Six Million Dollar Man. 10.30 Jason King. 11.00 The Collaborators. 11.55 News and Weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 2.00 Women Only. 4.25 Tarzan. 5.20 Rock on with 45. 6.00 Grampian News. 6.10 Love American Style. 7.00 Marcus Welby MD. 10.35 Gardening To-day. 11.00 Matter of Concern. 11.30 Evening Prayers.

GRANADA

1.20 p.m. This Is Your Right. 4.25 Tarzan. 5.15 Dodo. 5.20 Crossroads. 6.00 Granada Reports. 6.35 Rock on with 45. 7.05 The Pathfinders. 10.30 Reports Extra. 11.00 What the Papers Say. 11.20 Shannon's Mob.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.25 The Woody Woodpecker Show. 4.55 Adventures in Rainbow Country. 5.20 Help! 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 The Best in the West. 10.30 Cricket in the Middle. 11.00 Journey to the Unknown.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25 Miri Mawr. 4.35 Miri Mwy. 4.50-5.20 Shang a Lang. 6.01-6.15 Y Dydd. 6.30-7.00 Sports Arena. 11.00 The Arab Experience.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

1.25 p.m. Road and Weather Report. 2.00 Housecall. 4.25 Around the World in Eighty Days. 4.55 Arthur of the Britons. 5.20 Professor Kitzel. 5.25 Crossroads. 6.00 Scotland To-day. 6.30 F Troop. 7.00 The Six Million Dollar Man. 10.30 Late Call. 10.35 New Faces.

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 4.25 Around the World in Eighty Days. 4.50 The Beachcombers. 5.20 Dodo. 5.25 Crossroads. 6.00 Day by Day. 6.35 Survival. 7.00 The Six Million Dollar Man. 8.00 Shut that Door. †10.30 The Late Thursday Film: "Inadmissible Evidence," starring Nicol Williamson. 12.10 a.m. Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 1.25 p.m. Where the Jobs Are. 2.00 Women Only. 4.25 Tarzan. 5.20 Rock on with 45. 6.00 To-day at Six. 7.00 The Six Million Dollar Man. 10.30 Maude. 11.00 Double Top. 11.35 Late News Extra. 11.40 Wisdom of the Fields.

ULSTER

1.20 p.m. Ulster News Headlines. 4.23 Ulster News Headlines. 4.25 The Boundcats. 4.50 The Flaxton Boys. 5.20 "45". 6.00 UTV Reports. 7.00 Six Million Dollar Man. 11.00 What's It All About.

WESTWARD

12.15 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.25 Cowboy in Africa. 5.15 Maude. 6.00 Westward Diary. 7.00 The Six Million Dollar Man. 10.30 Westward Report. 10.55 Westward Late News. 11.00 The Collaborators. 11.55 Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 4.25 Tarzan. 5.20 Rock on with 45. 6.00 Calendar. 7.00 The Six Million Dollar Man. 10.30 Calendar People. 11.00 Barnaby Jones.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Dave Lee Travis. 12.00 Johnnie Walker, including this week's new Top 30 discs and 12.30 p.m. Newsbeat. 2.02 David Hamilton: (S) also on VHF. 5.00 Newsbeat. 5.15 John Peel with Top Gear. 7.00 As Radio 2 until 12.33 a.m. closedown.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates with The Early Show. 6.15 Pause for Thought (S). 7.02 Terry Wogan (S). 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Tony Brandon's Open House (S), including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Cricket Scoreboard. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1,500m only (also 200m Scotland) 2.45, 3.45 and 4.45 Sports Desk and, from Newmarket, at 3.35, 1,000 Guineas Stakes. 5.02 Waggoners' Walk. 5.17 Sam Costa (S), including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The 75 Show. 7.30 Cricket Scoreboard. 7.32 The Organist Entertains (S). 8.02 Folk 75 (S). 8.30 Folkweave (S). 9.02 Those Were the Days in Radio 2 Ballroom (S). 10.02 Sports Desk. 10.05 Don Durbridge with Music Through Midnight (S), including 12.00 News. 12.31 a.m. News Summary.

RADIO 3 — 464m, Stereo & VHF

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 8.55 John Clare and Birdsong (Poetry). 9.00 News. 9.05 This Week's Composer: Prokofiev (S). 9.45 Scottish University Concert (S). 1.20 Piano Recital (S). 12.15 p.m. Cardiff Midday Prom, Part 1: Mozart (S). 1.00 News. 1.05 Cardiff Midday Prom, Part 2: Dvorak (S). 1.50 Roundelay: Choral miscellany (S). 2.45 Tippett and Messiaen: Concert, part 1 (S). 3.40 Interval Reading. 3.50 Tippett and Messiaen, Part 2. 4.40 Music Making from Belfast (S). 5.25 Plod Piper (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound. †6.30 Study on 3. 7.30 Szeryng plays the Brahms Violin Concerto (S). 8.15 Bach: Organ and harpsichord recital (S). 9.00 Le Corbusier: Meeting with a Memory (talk). 9.20 Bach, part 2 (S). 9.45 The Poetry of Dryden. 10.10 Hugo Wolf: Song recital (S). 11.25 News.

Radio 3 VHF only—6.20-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the day. 6.45 Today including 6.50 and 7.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of Today including 7.27 Sportsdesk and 7.35 Today's Papers. 7.45-7.50 Thought for the day. 7.55 Weather and programme news. 8.00 News and more of Today including 8.27 Sportsdesk and 8.35 Today's Papers. 8.45 Yesterday in Parliament. 9.00 News. 9.05 These You Have Loved. 10.00 News. 10.05 From our own correspondent. 10.30 Daily Service. †10.45 Morning Story from Scotland. 11.00 News. 11.05 If You Think You've Got Problems . . . ! 11.50 Johnny Morris recalls unusual occupations. 12.00 News. 12.02 p.m. You and Yours. 12.27 My Music! (S). 12.55 Weather, programme news (VHF) (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (2 from 2.00) including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Jack de Manio Precisely (4.00-4.05 News). 4.35 Story Time. 5.00 PM Reports. 5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Dad's Army. 6.45 The Archers. 7.00 News Desk. 7.30 Any Answers? 8.00 The Scandalous Death of Adolf Hitler. 8.45 Analysis—Local government. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight: Radio 4's International Business Report: Market Trends. 11.15 Today in Parliament. 11.30 News.

For Schools (VHF only)—9.05 a.m. to 12.00 and 2.00 to 3.00 p.m.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. "A.M.". News, interviews. 9.02 Downtown. 11.03 In Town. 12.03 p.m. Call-In—1. 12.45 London News Desk. 1.03 Call-In—2. 2.03 206 Showcase. 3.03 Young in Mind. 4.03 Sound Out. 4.32 Home Run including London News Desk at 5.00. 6.00 7.00 In Town. 8.00 Getting Going. 8.30 In Concert. 10.03 Robbie Vincent's Late Night London. 12.00 As Radio 2 until closedown.

London Broadcasting — 261m and 97.3 VHF

6.00 a.m. "A.M." News, interviews, traffic and travel news, plus sport, with Douglas Cameron and Clive Roslin. 10.00 Open Line with George Gale. 12.00 Newsday. 3.00 p.m. Newswatch. 6.00 Newsbreak. 7.30 Music in Stereo. 9.00-1.05 a.m. Love in London, presented by Adrian Love.

Capital Radio — 194m and 95.8 VHF

6.30 a.m. Kenny Everett with 2½ hours of Music and Madness. 9.00 Michael Aspel with Music, Features, Advice and Swopshop. 12.00 Cash on Delivery with Dave Cash and Music. 3.00 p.m. Roger Scott with Music. 7.00 London Today. 7.30 Open Line. 9.00 Nicky Horne's Rock Show. 11.00 Tony Myatt's late night on Capital. 2.00 Night Flight.

F.T. CROSSWORD PUZZLE No. 2,766

ACROSS

1 Part of legal profession ought to point to lady (8)
5 Bill on line reaches agreement (6)
10 Willing to join party at beginning (5)
11 A doctor leads the French team in the Lake District (9)
12 Put out by record doctor returns in good condition (9)
13 Risks providing sight for sore eyes (5)
14 Leave for short holiday before tea break (6)
15 Study circle navy has on deck again (7)
18 Green it may be as a whole (7)
20 Stays to take care of right party (6)
22 Make schoolboy prematurely old (5)
24 Building material responsible for character of West country town (9)
25 A clock-golfer strikes regularly (2, 3, 4)
26 Confused by a divine the Spanish backed (5)
27 Master of the Rolls surrounds aesthetic victim (6)
28 Confectionery in Spring we hear is of good stock (4-4)

DOWN

1 Byways to holiday watering place (6)
2 Is Brown in interval opposing? (9)
3 Big race crowd at London picture show (8, 7)
4 Pinch part of harness (7)
6 Wiles shown by football team getting shot of New Year charity event (7, 4, 4)
7 Beastly cloak for Cockney made from chemical (5)
8 Sauce needed for coming into line (8)
9 Nobody using his teeth by the way (6)
16 Military formation for Frank to direct (4, 5)
17 Message contemptible person sends for grub (4-4)
19 Strip for development by the way (6)
20 Set to go to bed on lake (7)
21 Act as director and do a capital job (6)
23 Parent who will 21 (5)

SOLUTION TO PUZZLE No. 2,765

PARENT CARPETED
R E E P R R A A
EASYCHAIR ELBOW
S I K I A S U N
CONTAINONESELF
R N G I A P
IDLED ALIENATOR
B E N L N G O E
ESTEEMING FIRES
D H C M O E
BACKSEATDRIVER
S R R N I W O V
LOGIA TALKATIVE
O I C A L R C R
WICKEDLY ADDERS

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New York opera

Puccini galore

by ANDREW PORTER

There have been eight new productions at the New York City Opera this season. The first—one of the plentiful Puccini productions, all over the country, which commemorate the 50th anniversary of the composer's death—was of *Manon Lescaut*. The opera was also done next door, at the Metropolitan, and there are people who think that one production of *Manon Lescaut* in a city is already one too many. That is being too severe, for although the opera proves surprisingly difficult to bring off—neither the City Opera nor the Met version was really a success, any more than was Covent Garden's attempt a few years ago—*Manon Lescaut* is the most copious of Puccini's scores, and attractive precisely because it is less minutely calculated than its successors.

The composer, and his heroine, pass through several manners that in the later works are more clearly defined. The first Manon at La Scala was a Nannetta, Olga Olghina (whom Shaw described as "a clever little Russian lady with chiselled features and a somewhat courtly fastidiousness of manner"), and the second was a Tosca, Hariclea Darclée. Among the Manons Puccini admired were "little Lucrezia Bori," whom he thought "exquisite," and Lotte Lehmann, who lacked coquetry in the second act but was marvellously affecting in the emotional outpourings of the final scene.

The City Opera's heroine was Maralin Niska, who plays the kind of part in New York's opera that the late Marie Collier did in London's. At the City Opera, her roles include Salome, Emilia Marty, and Mozart's Electra; at the Metropolitan, Tosca and Hélène in *Les Vêpres siciliennes*. Her strong voice and her assured stage presence have won her a following. She is a useful kind of soprano for a company to have around, but the voice was not really good enough to provide sustained pleasure. In climaxes it lacked "real notes," that core of firm, lustrous, solidly centred sound which, as Puccini once said, always "sways an audience." Michele Molese was the Des Grieux. The tenor carries the burden of the opera. Mr. Molese was secure but stolid. The critic of the New York Times found his top notes pinched. At a later performance, Mr. Molese fired one off in ringing fashion, and then announced to the audience, "That pinched high C was for Harold Schonberg." As a result, Mr. Molese himself was fired from the company.

Frank Corsaro, never a producer to remain content with just doing what the composer and librettist ask for, introduced some perverse "new ideas" of his own which were not at all helpful to the piece. Luigi Martelli conducted, unimpressively. At the start of the City Opera season both the chorus and the orchestra seemed in very poor shape, scrawny of tone and under-rehearsed; but things became better as the weeks went by.

The Met *Manon Lescaut* was more enjoyable—not exactly as a realisation of Puccini's opera but as a fun evening. Leontyne Price was its heroine for the first three performances—her only appearances at the Met this season, and her first new role there since Samuel Barber's Cleopatra, in 1966. (Dorothy Kirsten, Montserrat Caballé and Teresa Kubiak were billed to follow her—Met casts rotate with teetotum rapidity—but Miss Caballé was ill and withdrew from all her New York engagements.) In Act 1, Miss Price was content to open her eyes and her mouth wide and sing straight out to the audience, without bothering much about characterisation. In what Puccini called the *scènes poudrées* of Act 2 she was very funny and charming—a plump, pretty kitten got up in a crinoline and white wig. The audience's laughter was a little uncertain at first, but as it grew confident Miss Price responded to it, and romped through the remaining episodes for comedy. (The act is by intention close to *opéra comique.*)

In Act 3, in her plain, dark prison dress, she looked more beautiful than I have ever seen her before, sang beautifully, and acted with restrained passion broken only in the final moments, when a "ra-ra-ru-hurray!" sort of carry-on interpreted Puccini's stage-direction "with features irradiated by supreme joy, from the top of the gangplank Manon extends her arms to Des Grieux." In Act 4, the tone fogged over. Manon is not really Miss Price's role. (Next season a new *Aida* will be mounted for her.) Directness, unaffected simplicity of utterance, and a warmly beautiful voice are her hallmarks, but, as John Steane remarks in *The Great Tradition*, there is "a certain absence of flexibility in characterisation."

This *Manon Lescaut* is the oldest staging in the Metropolitan repertory. It dates from 1949, when it was produced by Herbert Graf, designed by H. M. Crayon, and sung by Miss Kirsten and Björling. It still looks good, in the way that Covent Garden's old *Bohème* did—matched to the style of the work. John Alexander was a rather elegant Des Grieux, in bearing and in phrasing, but the sound of his voice was not romantic enough to fill the passions of the role. Peter Herman Adler conducted, too assertively in the orchestral passages, the prelude and the intermezzo, but otherwise with unobtrusive vivacity.

The Metropolitan and the City Opera have both been playing not only *Manon Lescaut* but also *La Bohème* (in which Katia made her Met debut), *Tosca*, *Madama Butterfly*, and *Turandot*. (In addition, the Met does *Gianni Schicchi*; one night, both houses were offering *Manon Lescaut*.) The Met *Tosca*, produced in 1968 by Otto Schenk, in handsome scenery by Rudolf Heinrich, has been well preserved and remains a model of Puccini presentation, with a good deal of atmosphere and sensible, sensitive, not merely eccentric detail. About a dozen sopranos have appeared in it this season. I heard two. First, Miss Niska. The Metropolitan, despite its size, has more flattering acoustics than the State Theatre where the City Opera plays (that house is Covent-Garden-sized, but much harder to project into). Miss Niska's loud singing sounded more substantial and impressive than it had in *Manon Lescaut*. She gave a subtle and exciting performance. So did Peter Glossop, as Scarpia. Franco Tagliavini, as Cavaradossi, struck rather fancy poses but sang cleanly. Alberto Erede, back at the Met after 22 years, was an able conductor.

Galina Vishnevskaya was one of the later Toscas; and then Magda Olivero, singing in the house for the first time. Miss Olivero, who made her début in 1938, emerged from retirement in 1951, at Cilea's request, to sing his Adriana Lecouvreur, and has been singing with success ever since.

She tends to attract a screaming horde of admirers whenever she appears—rather in the way that Leyla Gencer does — and after "Vissi d'arte" there was applause that, I am told, broke a Metropolitan record. She did not deserve it (for the aria was not the best part of her performance) and at the same time she deserved better than to be treated as she was by the noisy crew (the fine flow of her first entrance was halted by their cheers; a mid-phrase cry of acclaim rang out after the high C — an ugly one — of "Io quella lama . . ."). For she is a distinguished and intelligent artist, no mere camp idol.

The impersonation was rather like the young Tebaldi's—of a vulnerable, gentle person suddenly horrified by the world of politics and violence in which she has been caught up—while the detailed inflexions of words and phrases had something in common with Callas. It was a highly studied and not for a moment spontaneous interpretation, achieved with considerable art and sung in a voice that seems unaltered since 1963 (when I last met Miss Olivero, as Adriana, in Edinburgh). James King was the sturdy Cavaradossi. Ingvar Wixell was a powerful Scarpia. Jan Behr, a house conductor, was perfectly acceptable, and the orchestra played well. It does seven—and often seven different—operas a week, and maintains an astonishingly high standard.

The City Opera's *Turandot* was a new production, in gaudy, glittering but rather pretty scenery, by Beni Montresor, which the company had acquired from La Fenice. Pretty, but impracticable. A Turandot has enough difficulties already to overcome without having to bother also about keeping her balance on steep, narrow steps. The singing was dreadful. Rachel Mathes, who had made her Metropolitan début the previous night as Gerhilde, made her City Opera debut as Turandot, forcing her voice unmercifully, yelling the part in notes that would not stay steady. Ermanno Mauro bawled his way through Calaf. This was one of those evenings that makes one ask what Julius Rudel, director of the City Opera, is up to (his *Salome* was another)—without having the singers for it, doing an opera that the Met already does, in the same language as the Met.

The "all-star" *Turandot* of the season was put on for a single night by the New Jersey State Opera, in Newark's Symphony Hall. The train that dives under the Hudson to reach Newark took on the aspect of an Opera Special, as New York pilgrims swelled the local audience eager to hear Birgit Nilsson, Placido Domingo, and Licia Albanese. Newark is largely an Italian city. The atmosphere was rather like that described in Forster's *Where Angels fear to Tread*: "Italians don't love music silently, like the beastly Germans. The audience takes its share — sometimes more." When Calaf struck the gong, the audience burst into cheers. The amateur chorus threw themselves into the piece heart and soul. So did the audience. There was a kind of genuine, popular enthusiasm, different from the hothouse hysterics that Miss Olivero had to suffer. It was not misplaced. Miss Nilsson was powerful, shining, not always steady, on occasions subtle and poignant. Mr. Domingo's singing was full and free. Miss Albanese's Liù was honest and affecting.

Leontyne Price (centre) in "Manon Lescaut"

Record Review

Karajan, Crumb & Ousset

by DOMINIC GILL

Schoenberg, Berg and Webern: Orchestral works. Berlin Philharmonic / Karajan. DG 2711 014 (box of four records, £10.80)

Crumb: Makrokosmos Volume I. David Burge, piano. Nonesuch H-71293 (£1.62)

Piano recital: Cecile Ousset. Decca Ace of Diamonds SDD R-435 (£1.72)

This new Karajan set, as well as being a collection of performances each very fine in its own right, is also the ideal introduction to the orchestral music of Schoenberg, Berg and Webern for those listeners (if any remain—and perhaps they do, to judge from scraps of conversation still occasionally overheard in the concert hall) who find the work of the so-called Second Viennese School, chiefly for reasons of suspicion, superstition and residual prejudice, somehow "unapproachable," "dry" or "academic."

There is not a side of these four discs that is not eminently approachable on any terms. Karajan's performance of Schoenberg's largest orchestral score, *Pelleas und Melisande*, combines all of the lushness of that marvellous symphonic poem, exotic hothouse hybrid of Wagner and Brahms, brother of *Verklärte Nacht* and the first string quartet, with a startling clarity of instrumental balance and counterpoint. *Verklärte Nacht* itself lacks marginally the same firm forward impulse, and therefore perfect cohesiveness, of my own favourite recording of the orchestral version (by Horenstein with the SDR Orchesra) — but compensates with far greater depth and richness of sonority, a remarkable instrumental, as well as poetical, transfiguration of sound.

In the playing of the Orchestral Variations op. 31 there is a rather strange sense of shifting aural focus between the variations—brought about, I understand, by Karajan's decision to record each variation separately, rearranging the position of the instruments between sections. The device does seem a little artificial (even in the light of Schoenberg's lifelong obsessive concern for "complete clarity"): but I find the effect in all less disturbing than some reviewers have found it. Doubts are dispelled, and the performance illuminated once again, by Karajan's extraordinary ability to bring every strand of a complex orchestral texture to life — without ever reducing the *tour de force*, exciting in itself, to the level of a mere technical exercise.

Two of the four discs are devoted to Schoenberg. On the third, there is a performance of Berg's Three Orchestral Pieces op. 6 driven with fine fury and anguish, touched with the softest instrumental shades; and also a very beautiful account of the three movements which Berg arranged for orchestra from his string quartet *Lyric Suite*. But the Webern performances on the fourth disc are perhaps the most gratifying achievements of the set. The six tiny pieces op. 6 are miracles of clarity and rich colour—how far we have come in the 62 years since that disastrous premiere which Schoenberg conducted in Vienna before a shouting, jeering crowd! Not only models of clarity: but also of the kind of tender sensuousness which we are only just beginning to discover (Boulez at his best has found it) at the heart of Webern's crystalline scores.

The Symphony op. 21 for nine instruments is wonderfully carved in silence—strange, but also apt, that it should rest with so pre-eminently a romantic conductor as Karajan to underline so powerfully, with almost Japanese concentration, the force of Webern's silence!—its sounds like snow-crystals, each gesture a perfect unity, together a perfect sequence. Of the four examples in the collection, the early *Passacaglia*, Webern's op. 1, is the least "Webernesque"; its romantic inclinations, Brahmsian roots and Straussian branches, are as one might expect brilliantly accounted for. But the transparency of the writing too is there, a delicate virtuosity, strong but fine-spun. Sumptuous sound-quality matches the performances. The accompanying booklet contains some beautiful photographs, but unusually for DG, who generally do these things particularly well, rather short, uninformative trilingual notes.

Book Reviews appear on Page 32

The subtitle of George Crumb's first volume of *Makrokosmos* is "Twelve fantasy-pieces after the Zodiac for amplified piano." They were written in 1972, and are essentially twelve studies in avant-garde piano technique grouped into three parts of four pieces each, each part to be played without interruption. They investigate all kinds of piano sonority, from muted tones, harmonics, and various kinds of *pizzicato* inside the piano, to tapping the frame and pedals, and dropping various objects on to the strings. The pieces are as interesting visually as they are to hear, beautifully designed and notated: some are also notated symbolically, in the shape of a circle (for a *moto perpetuo*), or spiral, or cross. Each study is associated with a sign of the Zodiac, and (*Enigma*-fashion) with a friend of the composer's born under its sign—the initials GHC for no. 5 and DRB for no. 10 are easily recognisable, spelled out on the record sleeve.

But *Makrokosmos* is more than a merely private entertainment, or a clever catalogue of sound-effects. Each piece, for all its brevity—few are more than four or five minutes long—establishes a real (and often very haunting) presence. The effects are never overcrowded, never obscure: the manner indeed is strikingly Webernesque, spare, delicate, sharply etched, a reassuring contemporary illustration of Webern's famous dictum that "the first principle for the presentation of a musical idea is comprehensibility." David Burge's performances are well and carefully made, without exaggeration or technical fuss. An interesting and worthwhile disc.

Cécile Ousset — "vivacious, elegantly fashionable 35-year-old Parisienne," as her publicity blurb dubs her—is happily, on the evidence of her first record released here by Decca, also an accomplished pianist. The two Saint-Saens encores in her French recital — the *Etude en forme de valse* and the *Etude d'après le 5ème concerto* — she throws off with splendid assurance and ease. There is a suspicion that she relies too much, in four Debussy studies, on the *una corda* pedal instead of on subtle control of arm-weight: but they are sensitively done, especially the chameleon *Pour les arpèges composés*. She also gives a nicely idiomatic, unsentimental account of Satie's three *Gymnopédies* — though ideally, a line more clearly cut, a shade less clouded with pedal, would be still more stylish? I look forward to her Elizabeth Hall début on Thursday next week.

Vincent Price for new 'Ardèle'

Vincent Price will make his West End stage début in Anouilh's *Ardèle* at the Queen's Theatre on Tuesday, June 17 (previews from June 10). Coral Browne and Charles Gray will co-star, and the company will also include Valerie White and Allan Cuthbertson. The director will be Frith Banbury and the designer Alexander McPherson, with costumes by Robin Paye.

Neil Simon's new comedy

The Sunshine Boys, a new comedy by Neil Simon, will open at the Piccadilly Theatre on Wednesday, May 7 (previews from to-night).

Alfred Marks and Jimmy Jewel lead the cast as two comics who have once been a successful double act but have not now spoken to each other for 12 years. Danny Simon will direct, and the designs are by Christopher Morley.

New Theatre, Cardiff

The Grand Duchess of Gerolstein

by RONALD CRICHTON

A permanent opera company needs an operetta or two in the repertory to warm up the box office, widen the audience, sharpen the wits of the singers and make them polish their dialogue. Although Sullivan has been public property for some time and the present year is a Johann Strauss anniversary, Welsh National Opera have chosen Offenbach, the wildest genius of the three. They have plumped for *The Grand Duchess of Gerolstein*, a vintage piece neglected in recent years. Tuesday evening's production in Cardiff was welcomed with enthusiasm.

The *Grand Duchess* does not have the deliciously sensual tunes of the Greek parodies or *La Périchole*, a fact unnecessarily emphasised in Cardiff by the insertion of an interlude from *La Belle Hélène*. All the same, this is a score rich in good things dangled for a few minutes then snatched away almost before the audience can seize them — military music, operatic conspirators' music, the kind of ensemble-finale at which Rossini and his followers excelled, are each given a dash of caricature which makes them feel as hot to handle as fire-crackers. There are gentler parodies as well, like the Mozartian wedding-song and the mock-nocturne, both in the last act. One can see why Offenbach with his immense gifts felt he had more right to the Opéra-Comique than many of the mediocrities entrenched there.

The musical side of the Welsh *Grand Duchess* is in the hands of John Pryce-Jones, a young conductor who acquits himself as if he had years of experience in operetta. Now and then, for example, of the burlesque trio in Act II that anticipates *Ruddigore* by 20 years, he could have flicked the music along with a lighter hand, but in general he was right not to rush the score off its feet. Offenbach, the quickest of quick strikers, makes his points best without hurrying or underlining. The other elements in what is perhaps a little too determinedly a show, do not fit in quite so well.

The sets by Tod Kingman and costumes by Robert St. John Roper are apparently based on the simple proposition that the brighter the colours the greater the merriment. This may work in the London Palladium, where stars have brassy personalities bumped up with microphones. In the opera house it can prove a fallacy. In the first act, so many brilliant shades of yellow, orange and shocking pink are heaped on peasant girls, soldiers, generals and what have you that when the Grand Duchess herself finally makes her entrance she is almost lost in the razzle. To lose Ann Howard at her most commandingly trim and handsome is quite a feat. When the action moves inside the palace the comparative restraint of parma violet and magenta take over. Then Miss Howard comes visually speaking into her own.

Julian Hope's production and Sally Gilmour's dances are as spruce and tidy as Gilbert and Sullivan, which means they are very good in not quite the right way. They need a little more preposterousness, a fiercer gale of hilarity, still more fatuousness in Forbes Robinson's lovably absurd General Boum (how well he does the dialogue), a stronger hint of potential depravity in the caprices of the Grand Duchess. In fact, more evident awareness that when this operetta was written, the fantasy world of favouritism, absolutism and sham military glory was dangerously near the truth. To make the *Grand Duchess* little more than a jolly romp for children is a kind of evasion.

Miss Howard is splendid as the spoilt, selfish young ruler who will go to almost any length to get what she wants but in the last resort settles for what she can get, which happens to be a dynastic marriage with a feeble but kindly absurdity called Prince Paul. This artist fails only in the Duchess's declaration at one remove to Fritz, the good looking private she has swiftly promoted to field marshal and is soon to demote with equal promptness. This is one of Offenbach's most insinuating numbers, a tune that winds round itself as it winds itself round the French words—Geoffrey Dunn's generally ingenious translation fails here too, and small wonder.

Almost the best performance comes from Terence Walters, easy and natural as the much-pursued Fritz, the character who suffers least from the producer's sugaring of the pill. Lillian Watson is Wanda, the girl to whom Fritz remains obstinately faithful. Eric Roberts, Rowland Jones and Robert Bickerstaff conspire with relish as Prince Paul and the Barons Puck and Grog. Four members of the chorus do very nicely as court ladies with love letters from soldier sweethearts.

The librettists Meilhac and Halévy were concerned not really with an imaginary German grand duchy but with the France of Napoleon III. But Gerolstein was near enough to the little states Bismarck was about to trample on. One can well believe Offenbach's biographer S. Kracauer when he says that Bismarck's visit to this operetta during the Paris Exhibition of 1867 gave him one way and another the "greatest possible satisfaction." It is legitimate for the present production to dress Boum as Bismarck but the deeper significance is missing.

King's Head

Small and Brassy

by MICHAEL COVENEY

The excuse offered initially for this old-fashioned revue on fringe premises is that one of the cast's rich uncle, the supposed "angel," has flown; there will be, therefore, no Magic or Music or Marvellous Girls. We learn this from a disappointed though cheerful character in white tie and tails who then suggests, as the coruscation of glittering fans retracts sadly to the wings, that an entirely different sort of show will ensue as a result. Not so. And, in the circumstances (I am even driven to complain) would that it had. For despite a wan gesture or two of anarchic crudity—a "Tea For Two" setting is upturned by a trainee taster spitting on the floor, the nymphomaniac waitress in a Wimpy Bar tempts a customer with goods chiefly her own—the revue is resolutely and disappointingly *déjà*.

Sketch, black out. Sketch, black out. Familiar and predictable devices of the Performer as Narcissus ("I'm in Love with Me"), jocund racist bonhomie (a South African White and White Minstrel Show), Literary Camp (Little Nell, in bloomers, is both older and more curious than usual)—is not this kind of caper the stuff of AGMs for the Water Rats, or at least of Sunday night spots in remote regions not yet reached by Syd Lawrence or George Melly? It is not enough to sing of *dirty* canals in Venice or *twisted* eccentric aunts or *foul-mouthed* Shirley Temples in order to disclaim kinship with Laurier Lister, Peter Myers or Alan Melville. This is to have your cake and eat it. To vomit afterwards is all very well, but why take up a fork in the first place?

A show that is unadventurous, however, does not hinder the excellent company from enjoying itself to the full. There is at least some consolation in seeing well-trained and gifted artists such as Mary Millar, Christine Edmonds, Christopher Benjamin and Royce Mills, exercising their talents. The most satisfactory conjunction of the opposing forces of tattines and glamour is achieved by Mr. Mills in his touching monologue of a decrepit tap-dancer earning his stardust in Wandsworth Prison. The interlude is (in the true tradition of the music hall monologue) sentimental but not mawkish. It avoids the self-conscious straining after crudity that characterises so many other numbers on the bill. The material is by Neville Phillips, the music by Robb Stewart and the direction by Stewart Trotter.

National lunchtime theatre

During May, the National Theatre will stage lunchtime performances of two plays at the Young Vic Studio—Shaw's *Overruled*, directed by Sebastian Graham-Jones, with Elizabeth Hughes, Michael Keating, Dona Martyn and Michael Stroud; and the premiere of Trevor Griffiths' *All Good Men*, directed by Clive Merrison and designed by Timian Alsaker, with Oliver Cotton, David Firth, John Gill and Jennifer Piercey.

Overruled will be staged on May 6, 7, 8, 9, 21, 22 and 23. It will also play at the University of East Anglia on May 15 and of the Maddermarket Theatre on May 16. Performances are planned in Newcastle-on-Tyne, during the week of May 26, and in Birmingham during the week of June 9.

All Good Men will be staged on May 13, 14, 16, 19, 20, 27, 28 and 30. The play was seen on BBC television in January, 1974.

WORLD TRADE NEWS

Bulgaria may buy £200m. of U.K. farm equipment

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

PROSPECTS FOR a major sale of British agricultural equipment and "know-how," worth possibly £200m., to Comecon appear to have strengthened following recent high-level meetings in London.

The purchaser would be Bulgaria, Eastern Europe's smallest country but one of its pioneers in intensive agricultural methods. Britain has just negotiated an industrial co-operation programme with Bulgaria, and it will form the framework for trade in the coming years.

High on the list is development of the Silistra state farm, a major agro-industrial complex planned for Northern Bulgaria which is expected to set a pattern for the country's highly organised agriculture and may even become a pilot scheme for the whole of Comecon.

If Britain is able to secure a part of the Silistra business it could mean further orders later on, possibly from the Russians, who are known to be taking a close interest in the project with a view to doing something similar themselves.

Silistra is a 750,000-acre state farm in Bulgaria's rich Danube region. It is being developed mainly for cattle-rearing but also for fruit and vegetables. When complete, it will handle the whole farming process from rearing and cultivation, through processing to canning and packaging.

The Bulgarians are shopping around for suppliers of farm buildings, agricultural equipment, livestock, irrigation equipment, processing plants and canneries, basic agricultural "know-how" and mechanical equipment, worth by some estimates up to £250m.

According to Mr. A. Lukanov, Deputy Foreign Trade Minister, who was in London last week, Bulgaria is in touch with several countries, but he believed that Britain, with its successful intensive farming methods, had much to offer. He had been talking to British companies, he said, but it would be some time before final decisions were made.

It is understood that a British consortium has been formed to compete for the Silistra business. The names of the companies involved are not being disclosed, but they are said to include a major engineering unit and specialists in the trading and processing of animal products. Mr. George Abbott, a businessman specialising in trade with Bulgaria, is associated with the consortium.

According to sources close to the consortium talks have been going on for some time, and firm proposals were recently put forward. The Bulgarians are apparently satisfied that these are realistic, and more detailed discusions are now to go ahead.

If the consortium's bid is successful it could result in orders up to £200m. for Britain, according to close observers of the project. That would represent about 80 per cent. of the Western content of Silistra, the remainder being largly orders that Britain is not equipped to fulfil.

Preliminary talks on finance for the deal have also been held. The main problem will be raising money for one of Comecon's least-known countries which has so far done little trade with the West. But it is possible that in view of the evident importance of Silistra to Comecon as a whole, the financing load will be spread beyond Bulgaria.

The fact that Silistra was specifically mentioned in the co-operation agreement, signed on Friday by Mr. Eric Deakins, Parliamentary Under-Secretary at the Department of Trade, and Mr. Lukanov is being taken as an encouraging official sign that Bulgaria is treating the British bid seriously.

The secrecy with which the British consortium has shrouded its dealings suggests that competition is strong, and observers were predicting yesterday that Silistra, like many Comecon contracts, could be long drawn-out.

New valve orders down

BY MICHAEL CASSELL

DOMESTIC INFLATION is depriving U.K. valve makers of valuable export markets, according to the British Valve Manufacturers' Association.

A trends survey conduted by the Association, which represents 75 per cent. of U.K. manufacuring capacity for industrial valves, confirms the continuing belath of order books although the volume of new business is now beginning to decline.

The fall is partially the result of the declining price advantage which valve producers have enjoyed in overseas markets, which take nearly 50 per cent. of all output.

A spokesman for the Association said yesterday: "In addition, the U.K. market has not fulfilled its earlier promise due to loss of some investment confidence by valve end-user industries. This situation is attributed to the failure of national measures to reduce in flation and the rise in wages.

Most respondents to the Association's survey expressed growing apprehension with price control and restrictive taxation measures which are affecting the equilibrium of profit and investment. The Association says it hopes that Government expenditure can be redirected to restore "vital and necessary industrial development and to encourage exports."

For the next six months, the survey suggests that ferrous valve sales will remain at the present satisfactory levels and that non-ferrous valve sales should increase in value.

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Export Contracts

CRITTALL CONSTRUCTION will supply pressed steel curtail walling worth £115,000 for Nairobi airpo

ASHFORD CONTROLS will manufacture bellows sealed leak-proof nuclear type valves for the Swedish nuclear power station expansion scheme at a cost of £750,000 over a six-year period.

Contracts Abroad

JOHANN KELLER, West Germany (GKN group), will handle grouting and drilling work on the Lar Dam and Mazandaran Irrigation project in Iran, for £3.7m.

COPPEE-RUST, Belgium, and its South African subsidiary will build for $25m. a phosphoric acid plant at Richards Bay, north of Durban, for Triomf Fertilizer, Braamfontein. Coppée-Rust will provide engineering services, equipment from European sources, as well as construction and start-up management.

UNION CARBIDE, U.S. will build a $75m. ferro-alloy plant at Hvalfjordur, on the West coast of Iceland. Icelandic Alloys has been formed, owned 55 per cent. by the Iceland Government and 45 per cent. by Union Carbide. Capacity is 52,000 tons annually of 75 per cent. ferrosilicon. Completion is set for 1977.

L. M. ERICSSON TELEPHONE will supply a $9m. computer-controlled telephone exchange for international traffic to the Kuwait Ministry of Communications.

More U.S. aid for Indus Basin scheme

BY IQBAL MIRZA

KARACHI, April 30.

THE U.S. has announced a grant of $9m. for the Indus Basin project for 1975. Under an agreement signed in Islamabad the grant increases the U.S. contribution to the project to nearly $673m.

Total U.S. pledge to the Indus Basin works of irrigation canals will ultimately amount to at least $702m. A major portion of that amount—$531m.—is in the form of grants, while the balance is in long-term low-interest loans.

According to Mr. Aftab Ahmed Khan, secretary of the Economic Affairs Division, completion of Tarbela works will augment normal canal flows during the rabi (spring wheat) season by 30 per cent. and provide an additional power generation capacity of 2,100 MW. Last year's mishap had deprived the country of at least 1.5m. tons of wheat, added Mr. Khan.

Pakistan has requested the World Bank and other nations participating in financing the construction of the Tarbela dam project for a $48m. grant to meet the cost of repair work, according to informed sources here.

A meeting of the countries concerned and the international organisations will be held in Paris on May 6 to discuss financing of repairs and making commitments.

The tunnels of the Tarbela dam were damaged last summer, requiring considerable and expensive repair work, which is now progressing on schedule.

Immediately after the Tarbela session the World Bank Aid to Pakistan Consortium will meet in Paris to consider Pakistan's aid requirements for the fiscal year 1975/76.

Canadian concern over Israel boycott

By Victor Mackie

OTTAWA, April 30.

THE CANADIAN Government has ordered the Export Development Corporation to review contract clauses that require some Canadian companies to boycott trade with Israel. "The government is extremely concerned about this," Mr. Mitchell Sharp, the Acting Prime Minister, said after the matter was raised in the Commons by Mr. Herb Gray, the former Corporate affairs minister.

Mr. Sharp explained the review had been ordered by Mr. Alastair Gillespie, the trade minister responsible for the EDC. Mr. Gray said later the EDC had helped some Canadian companies to obtain trading contracts with Arab countries.

In some cases the contracts, which involve EDC financial assistance, contained clauses restricting the companies from trading with Israel. Mr. Gray stated he obtained his information from officials within the EDC, and was concerned that it left the Government open to a charge of condoning discrimination. Federal policy was the opposite, he added.

Mr. Sharp said he did not know how many contracts had been signed with such clauses or the names of the companies involved.

IN BRIEF

Swedish exports

Mr. Gunnar Straeng, Sweden's Finance Minister, says the Government will release Kr.7bn. (£742m.) from special corporate investment funds from July 1 to boost export production. He said injection of capital into the industrial sector was the best way of checking the balance of payments deficit, which in 1974 was Kr. 4.5bn. (£476m.).

Food exports

British Food Export Council has agreed its provisional 1976 promotion programme, and is seeking British Overseas Trade Board support for 19 ventures to Europe, North America, Middle and Far East, Africa, Scandinavia and Australasia. BOTB is now providing increased rates of support for some outward missions this year.

Danish deficit down

Danish trade deficit for the first quarter fell to Kr.1.89bn. (£144m.) against Kr.4.7bn. (£358m.). Imports declined 15.6 per cent to Kr. 13.6bn. (£1.04bn.) while exports improved 4 per cent. to Kr.11.7bn. (£892m.).

Sotheby's in Iran

Sotheby's is to open an office in Tehran to give information and advice for Iranian collectors. A spokesman said: "We will be concerned with giving general advice on collections or individual items, but specialised valuation can be carried out by arrangement."

Slow time for Swiss watch industry

BY JOHN WICKS, IN GENEVA

THE SWISS watch industry is in trouble after a prolonged period of success which has given it almost 40 per cent. of total world production, two-thirds or more of world exports in terms of volume, and a good deal more in value.

During the three months from last November to the end of January exports dropped off by 21 per cent., and output was down 10 per cent. in the fourth quarter of 1974 compared with the corresponding period 12 months earlier. Further decreases in foreign sales—which account for as much as 97 per cent. of production—are expected by almost all manufacturers in the near future. The slump in the market already has led to widespread short-time working and some dismissals.

The latter have involved a relatively modest number of foreign workers and persons of pensionable age, but short-time working involving the loss of one to three days a working week is hurting a large number of employees. It is also having very marked effects on production. M. René Retornaz, director of the Fédération Horlogère in Bienne, reckons that during the current calendar year 10-12 per cent. fewer hours will be worked than the annual norm of about 150m. (75,000 employees with some 2,000 working hours each in a full year). Some makers are said to have recorded a fall of well over 20 per cent. in the first quarter of 1975 in their production, with a further decline to come.

One reason for the poor showing of the industry is the international recession. Only a few months ago watch production was believed to be on a steady upswing towards a volume of 300m. worldwide in 1980, but now the industry's forecasters expect a much leaner time in the medium term. A report issued in December points to declining demand in North America and Europe and such important other markets as Hong Kong.

That is only part of the story, since Japanese watch exports went up 17 per cent. in the same November-January period which brought such bad news to the Swiss. The main cause of Switzerland's difficulties is without question the high level of the Swiss franc on the foreign exchange market. In itself this is nothing new, and has been an almost constant phenomenon since the first official parity change in 1971, and even more so since the floating of the currency early in 1973. From the start of 1972 to the end of 1974, the dollar and sterling rates, for example, slipped against the Swiss franc 48.5 and 62.9 per cent., respectively, until about last autumn, although high demand largely compensated for this disadvantage. Since then, the exchange rate would seem to have got too high.

Just how bad the situation is remains to be seen. The Fédération Horlogère's expert, Mr. Tihomil Radja, said in Basle that the worldwide recession alone might have been expected to bring about a 5 per cent. decline, but that the aggravation by monetary problems would probably lead to a fall in exports of more than 10 per cent. However, things are perhaps no longer seen quite so pessimistically as at a Press conference held in Bienne in February in which M. Pierre Waltz, managing director of the SSIH group, said that with the exchange rates then prevailing the Swiss watch industry would lose its markets in three years. In the meantime, the Swiss franc has come back from its peak of Sw.Frs.2.38 per dollar to about Sw.Frs.2.58, and the panic has died down a little.

Electronics

It is not easy to see what the industry could have done to guard against its present difficulties. True, the Swiss were not very quick off the mark in the field of electronic watches, but these have in the meantime proved less of a market breakthrough than had first been thought—only about 5m. were produced in the world in 1974 and it is believed that they will account for a sixth of the market at the utmost by 1980. Swiss manufacturers are in any case now well advanced in electronics design and "know-how." In 1974 their sales on foreign markets were up 70 per cent. on the past year to 1.5m. units.

Nor does the fact that most producers are still small or very small undertakings appear to have harmed the industry much. One question that might, perhaps, be put is whether the industry has been wise in keeping its production almost wholly within Switzerland. The pharmaceutical industry has done very well by expanding abroad.

Now that the crisis is there, however, the industry is girding its loins. The National Bank and the Swiss Bankers' Association have just agreed on export-credit financing aid for the watch industry and other sectors most hit by the exchange rate and international recession. Banks will discount letters of credit for export transactions at a rate of not more than 2½ per cent. above the rate applied to such transactions by the National Bank.

The Government has promised the release of Sw.Frs.7[illegible] (about £11.7m.) of the watch industry's "work procuring reserves." These are formed [illegible] taxed profits but in situations such as the present the Government may agree to their being released, refunding the tax [illegible]

The ASUAG group, having undertaken to peg prices for the time being, the Fédération Horlogère found it possible to advise member undertakings to hold prices, too, during the Basle fair. In another attempt to promote Swiss sales at Basle, which tend to equal two to four months' production of participant [illegible] manufacturers, a "foreign exchange shop" was opened [illegible] by the four leading commercial banks, in collaboration with the Swiss National Bank. It offers advice and services on forward foreign-exchange transactions as a means of guaranteeing Swiss-franc earnings of [illegible] suppliers. An export guarantee service has also been created by the ERG Bureau at Zurich [illegible] the Swiss Chamber of Commerce for the watch industry.

As a technical but by no means unimportant aid to help beat the unsure monetary situation, in this case with regard to fluctuating precious metal prices, the Swiss Association of Gold, Silver and Platinum Traders has come up with a new system for the watch industry. Association members undertake to sell a certain quantity of alloyed gold to gold-watch case makers within a given price bracket, based on a day's quoted price or fixing and to accept at the same price within an agreed period a predetermined quantity of sweepings and residues.

All these moves by the Government and industry should be a help, but even taken together they cannot be expected to turn round the unfavourable situation of the industry. What is perhaps more important is that retailers' stocks will soon be running low and that it appears the Swiss franc is due for a period of rather less inflated exchange rates. However, even the modest 3.2 per cent. rise in output last year will probably seem a thing of beauty in retrospect in the coming months. As Mr. Retornaz said at Basle, the question now is "how less bad" things can be made to turn out.

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COMMONWEALTH CONFERENCE

Wilson trade speech to-day

BY BRIDGET BLOOM AND J. D. F. JONES

KINGSTON, April 30.

THE MAJOR speech on world trade which Mr. Wilson is due to deliver to the Commonwealth Heads of Government here to-morrow is unlikely to be received with unanimous approval. On the contrary, the indications here to-day were that the content of the British Prime Minister's speech may attract as much criticism as the tactics with which the British delegation is presenting it.

The Wilson speech has been given such an advance build-up—his aides are seriously talking of this being one of Britain's major postwar initiatives—that the actual proposals he produces to-morrow morning will have to be both dramatic and profound. These proposals remain a secret. Nevertheless, some sources indicate that nothing sensational can really be expected.

Some apprehension has been aroused here by the tone of the background paper which the British delegation has circulated to the meeting. This document—an analysis of the need to introduce more order into world trade, particularly in the field of commodity prices—stops short of Mr. Wilson's own conclusions and his package of proposals.

But it is particularly brusque in its discussion of some of the possibilities known to be dear to the thinking of the developing world, including some of the states present at this Commonwealth meeting. Thus, the long Whitehall paper devotes a mere two paragraphs to indexation of commodity prices in a tone which is so unmistakably critical as to be dismissive.

If Mr. Wilson's speech is in tune with the tone of this paper he is certain to be strongly criticised by some of the other Heads of Government, notably by the Caribbean leaders who have prepared a joint position on world trade and commodity pricing which will be presented to-morrow by the Guyana Prime Minister Mr. Forbes Burnham.

But Mr. Wilson is also in danger of attracting criticism for the way in which he appears to be using the promise of this major speech for what is widely described here as his own domestic political purposes. On the one hand it is asked why he could not have circulated his proposals in advance so that the Commonwealth leaders would have a chance to study them and therefore be able to hold a more valuable debate on so complex a topic. Instead Mr. Wilson is seen to be producing his package like a conjuror's rabbit from a hat.

On the other hand, the British efforts to ensure that Mr. Wilson speaks early on Thursday morning—in order, it it suggested to get maximum newspaper coverage — are provoking comment. If the trade debate is to open to-morrow morning the Rhodesian discussion will have to end to-night and, with the arrival of Bishop Muzorewa and other African Nationalist leaders, it is beginning to look unlikely that this can be done without truncating the Rhodesian issue

AMERICAN NEWS

Ford postpones oil import fee

BY ADRIAN DICKS

WASHINGTON, April 30.

U.S. PRESIDENT Ford to-night postponed once again implementation of the second phase of his controversial crude oil import fee scheme, allowing Congress another month in which to complete work on an energy conservation Bill of its own. At the same time, the Administration is likely to face a second area of conflict with the Democratic majority on Capitol Hill as a result of Mr. Ford's decision to press ahead with the abolition of price controls on domestically produced crude, which he has been advocating consistently since last autumn. Postponement of the second $1-a-barrel of the import fee follows the House Ways and Means Committee's accelerated writing of an energy Bill during the past few days. The Administration is known to object to many of the Bill's features as it now stands including its reliance on import quotas and on a complex system of higher petrol taxes coupled with rebates to consumers. However, the President clearly feels that at least a solid basis for negotiation with Congress now exists.

U.S. exchanges abolish fixed fees

BY JAY PALMER

NEW YORK, April 30.

TO-MORROW an era ends on Wall Street. On May 1 for the first time in the U.S. securities industry's 183-year history. America's various stock exchanges will see all share trading executed on the basis of commission rates individually negotiated between broker and client.

Extending the present system of negotiated fees on both very large and very small deals, stockbrokers to-morrow will be free to either raise or lower commission rates on their entire range of business to what the market will bear. Customers will, for the first time ever, be free to shop around for the best bargains. At the same time, brokers are busily unbundling such activities as research and specifically pricing such advice as they give clients.

At the height of the market's slump and the brokerage industry's profit recession last summer, it was widely feared that the Securities and Exchange Commission's aim of eliminating fixed fees could drive up to 150 smaller firms out of business But, with trading volume now running above most firms' daily break-even levels, such Doomsday projections are now regarded as unrealistic.

While the market's worries over actual price competition have largely subsided, there is still considerable concern over the possible impact of the new Securities Industry Bill, designed to create a central securities market for the U.S. which President Ford is expected to sign into law within the next few days.

Many fear that by permitting trading in all shares in every market, this Bill might well destroy the brokerage houses' need to keep exchange seats and thus destroy the auction markets.

Already a number of Wall Street's largest brokers—including Merrill Lynch, Bache and Paine Webber—have announced their respective plans for "Mayday" commission rate changes. For the most part the other, smaller firms are expected to match these new schemes which, excepting some slight rate increases for the smallest value orders and a number of so-called bargain packages for small investors, all involve hefty fee discounts of up to 25 per cent. of the present rates.

OVERSEAS NEWS

Curfew in Angola after new fighting

LUANDA, April 30.

ANGOLAN AUTHORITIES to-night imposed an overnight curfew on the capital after fierce fighting between rival liberation movements.

The National Defence Council—made up of the Portuguese Military authorities and the three liberation movements—also forbade an unidentified Yugoslav ship to unload a cargo of arms and ordered it to be escorted out of Angolan territorial waters. The arms were destined for one of the liberation movements, the Marxist Popular Movement for the Liberation of Angola (MPLA).

The Defence Council decreed that the troops of the three liberation movements in Luanda should be confined to barracks and military patrols were to arrest any unauthorised persons found carrying arms. The Angolan capital was quieter to-night after two days of street fighting, but the situation remained tense.

The Defence Council ordered an immediate cease-fire after what is described as Luanda's worst night since last January when the transitional Government ruling Angola until it achieves full independence from Portugal took over.

Earlier to-day Luanda Radio broadcast appeals for nurses, doctors and blood donors

The three liberation movements—the MPLA, the Zaire based National Front for the Liberation of Angola (FNLA) and the National Union for the Total Independence of Angola (UNITA)—to-day blamed the fighting on "agitators bent on fermenting trouble and discord" between them.

Reuter

ETHIOPIA

Trouble for the new regime

BY A CORRESPONDENT

ADDIS ABABA is an unhappy place nowadays. A few weeks ago the daily press announced that the heavy explosion which inhabitants were to hear a few days later would have no sinister connotation: just a normal part of laying deep trenches for new sewer pipelines. There was no similar reassurance about single shots and occasional bursts of submachine gun fire often heard at dead of night on the outskirts of the capital.

The Ethiopian press is muzzled, the usual sources of information of foreign correspondents are frightened off by the agents of Lt.-Col Feleke Tabor, the permanent Secretary of the Ministry of Justice, a graduate of the International Police Academy in Washington, and of many learned institutions all over the world, who is in charge of internal security on behalf of the real boss of the land Major Mengistu Haile Mariam, First Vice-Chairman of the Provisional Military Administrative Council. Col. Feleke does not take direct orders from his official chief, the Minister of the Interior Col. Legesse Wolde-Mariam, graduate of George Washington University and Master of Criminology of Ottawa University.

Some foreign journalists including the representatives of Reuters and of Agence France Presse have been expelled. The quickly diminishing number of European residents keep quiet

Even so there is ample evidence from the Ethiopian Press and radio that, the Eritrean insurgency apart, most of the country is coming out with a rash of local outbreaks of armed resistance against the regime. On April 2, Radio Addis Ababa stated that 108 bandits had surrendered to the government forces in Wollega, Shoa, Arusi, and Sidamo. Three weeks later the same source listed 606 bandits—177 in Sidamo, 405 in Shoa, and 24 in Gemu Gofa, who had "resumed normal life." Somewhat earlier, according to ENA, the Ethiopian News Agency, the inhabitants of Manz and Gishe provinces in northern Shoa had "undertaken to track down and hand over to the Government those elements which try to disrupt the current Ethiopian popular movement by spreading false rumours."

> There is ample evidence that most of the country is coming out with a rash of local outbreaks of armed resistance.

In the middle of last March Dejasmatch Shoa-Reged Besbie, his brother Lt.-Col. Amare Besbie, and two of their followers were killed in a battle with security forces. On March 14, Brig-Gen. Tadesse Biru and Lt.-Col Hailu Regassa were arrested by the military, together with their followers. The Press release stated that there were five of the latter but on the photograph accompanying it there were eight. Another follower of Gen Tadesse, Ato Teklu Tessema was shot "while resisting arrest" Both Tadesse Biru and Hailu Regessa had been arrested some years ago by the Imperial Government, and released and reinstated only after the deposition of Haile Sellasie I. Yet on March 15 they were shot by the decision of the Supreme Military Council.

Four of the followers of Gen. Tadesse were also executed. All were found guilty "of an attempt to disrupt the Ethiopian Popular Movement and of opposition to the recent Government proclamation nationalising land." On April 1, again according to an official statement, "five civilians were killed and two others were captured in connection with a series of robberies in Addis Ababa."

The next day Lt.-Col Asrat Bogale and one of his officers of the Shoa Police Inspectorate hijacked a plane and flew to Djibouti. A large store of arms was found during this hectic period in possession of a retired police captain, Wolde Michael Naffa, at Debra Zeit in Shoa. Unaccountably he was sentenced to only two and a-half years.

Meanwhile, Mesfin Biru and Merid Biru, sons of the late Ras Biru, one of the principal landowners of the Harrar Province—or Hararghe Administrative Region, according to the new nomenclature—"have gone into hiding in the countryside" — according to an official announcement—and "the public and members of the armed forces are entitled to bring the two brothers to justice."

No link between all these incidents was implied in Ethiopia, but photographs of grim-faced and armed crowds appeared in the newspapers with captions such as "Members of Public Safety Agents in Wollo taking up arms to defend the revolution against the reactionaries," or "Demonstrators in Awash area expressing their anger against misguided elements who aim at dividing the nation."

Radio Moscow, friendly, but not excessively so, towards the Ethiopian Revolution, came out quite bluntly on the subject in a broadcast in English for Africa on the evening of April 1. The Russian commentary stated that an anti-Government conspiracy had been uncovered in Ethiopia. The plotters had hoped to overthrow the military Government. They had failed, but there were still elements within the country who would like to return Ethiopia to feudal times. They planned to shoot members of the Provisional Military Administration and to revoke the land reform.

The Soviet sources, which seem to be very well informed about what is really going on in Ethiopia proper, dropped no hint whether this particular "coup" was in any way connected with a local uprising in the West, in Gojam, at Injinbara and Dangla, near Lake Tana, where the Agau tribes rose up in arms against Government police and military outposts, and, apparently established contacts with insurgents in the province of Begemder, bordering Eritrea.

The Revolutionary Military Government remains in power in Addis. Its writ runs wherever garrisons and police stations are loyal to them. But the Church—always important—is irrevocably alienated by the first-ever official celebration in Ethiopia of Maulid, the Birthday of Prophet Mohammed, on March 25. An article in the Ethiopian Herald said in this connection that "Christ and Mohammed are equal," which to the overwhelming majority of Christian Ethiopians must be blasphemy.

Egyptians deny Libyan coup claim

BY OUR OWN CORRESPONDENT

CAIRO, April 30.

EGYPTIAN GOVERNMENT officials have dismissed as "hallucinations and utter fabrication" Libyan reports of an attempted coup against President Anwar Sadat by a section of his army.

The officials—who normally make it a rule not to comment on "lies spread by others"—were answering questions about a recent report published by the Libyan weekly El-Fateh and quoted by the official Libyan News Agency of an attempt to unseat President Sadat by some of his army officers.

The Libyan reports said a Major General Ahmad Fahmi Mustafa, described as Commander of Egypt's armoured forces had been arrested recently and executed on President Sadat's orders after confessing to planning a coup against the Egyptian leader which was due to be staged in the past two weeks

Reuter adds from Cairo: The Egyptian Government said to-day that the lives of thousands of thousands of Egyptians living in Libya were endangered by "provocative actions" taken by Libyan authorities.

A statement issued after a Cabinet meting chaired by Premier Mamdouh Salem said the Government held Col. Mummar Khedaffi, Chairman of the Libyan Revolution Command Council, "fully responsible"

ARAFAT IN MOSCOW TALKS

By David Lascelles,

East European Correspondent

MR. YASSIR ARAFAT, the Palestinian leader, had talks in Moscow yesterday with the Soviet Foreign Minister, Mr. Andrei Gromyko, aimed, it is believed, at clearing the way for the resumption of the Geneva conference on the Middle East.

There was no word on the progress of their talks but the high official level at which Mr. Arafat is now being received indicates how seriously the Russians are treating his visit Until recently Mr. Arafat was received only by semi-official organisations.

Australia tries indexation

MELBOURNE, April 30.

THE WAGE-fixing Arbitration and Conciliation Commission to-day introduced a three-month trial period of wage indexation for about 85 per cent. of the Australian workforce on national pay awards.

The Commission's president, Justice John Moore, announcing the Commission's decision on the 1975 national wage case, said wages wil rise 3.6 per cent. from mid-May in line with the rise in the March quarter Consumer Price Index (CPI).

He said the Commission will review the awards again in July after the June quarter CPI is issued to decide whether another indexed rise should be allowed.

Justice Moore said any decision on adjusting wages to CPI for the June and later quarters will largely depend on trade unions restraining demands for above-award wages.

The Government and the Australian Council of Trade Unions supported indexation at Commission hearings, while employer bodies opposed it.

The average Australian male wage will rise to about $A145 a week from $A140 as a result of the decision.

EUROPEAN NEWS

AFM tries to organise united May Day front

BY JANE BERGEROL LISBON, April 30.

TO-MORROW'S May Day celebrations have precipitated Portugal's first post-election crisis, as the Communists, Socialists and Popular Democrats glare at each other and the Armed Forces Movement (AFM) tries to use the occasion to pull them closer towards the common front it is seeking.

The Communist Party outmanoeuvred the others as usual, this time by calling through the Communist-dominated central trades union organisation Intersyndical for a mass rally and immediately obtaining AFM participation. Further, President Cosa Gomes will address the rally, thereby making it virtually official.

Socialists and Popular Democrats are left with the awkward choice of participating or trying to organise their own celebrations in the knowledge that they would be upstaged by the Intersyndical's exhibition of delegations of foreign Socialist union leaders, and leaders of Portugal's Socialist Left parties

The Socialists have decided that they will take part in the demonstration but with their supporters identified with party buttons, carrying party flags, and presumably feeling free to openly disagree if Intersyndical speakers begin talking about the trades union law, on which there is fundamental Communist and Socialist disagreement.

President Gomes is trying hard to persuade Dr. Mario Soares to back down from this position. while there is also a tense negotiation going on about whether the Socialist leader remains in the fourth coalition Government as a Minister without Portfolio or decides to take up his seat, duly elected, to the Constituent Assembly.

Meanwhile in the background the military Supreme Council of the Revolution is holding a crucial meeting to-day to decide on the trades union law and whether Socialist amendments should be accepted or to let the Communist Party Bill, passed in Cabinet weeks ago, go forward to become law. It is being assumed that the second option will be chosen, in which case the May Day rally will take on the face of a Communist triumph with Intersyndical becoming the official trades union national congress, making the Socialists and Popular Democrats' presence even more delicate.

The Supreme Council is also meeting to pass a new, increased national minimum wage, all of which at the May Day rally will reflect well on the military and the Intersyndical which began pressing for the wage rise some weeks ago.

Clearly the AFM is extremely anxious that all "progressive" parties be seen to be walking hand in hand. But the politicians appear to be fighting this front hard. To-day the Communist Party Secretary, General Dr. Alvaro Cunhal, made another strong attack on the Socialists, saying that they are hindering the revolution and their programme is a framework for bourgeois democracy rather than Socialism, the path chosen, he says, by the electorate and the AFM.

New Cyprus talks may take place in June

By Paul Lendvai

VIENNA, April 30.

THE LEADERS of the Greek and Turkish communities, Mr. Glafkos Clerides and Mr. Rauf Denktash are understood to have agreed to hold a second round of the Cyprus conference in the first week of June, most probably in Vienna. The exact date and place of the negotiations will be announced on Friday at the end of the current talks which began here Monday under the "personal auspices" of UN Secretary-General Kurt Waldheim.

Meanwhile a Greek conference source described reports about an alleged "surprising progress" at the Vienna talks as "over-optimistic." "The fact that there has been some progress at all under the present conditions may be surprising, but one should not exaggerate its significance," he told the Financial Times.

Mr. Clerides and Mr. Denktash were guests to-day at a lunch given by the Austrian Foreign Minister. Dr. Erich Bielka. Mr. Waldheim and the Ambassadors of Turkey and Greece were also present. Austria will do everything in its power to contribute to the success of the talks, Mr. Bielka said, and referred to the close connection between the Cyprus problem and European detente. Dr. Waldheim in a brief speech underlined the significance of the Vienna conference.

The talks between the two sides continued to-day informally

French utility plans 'largest ever' nuclear reactors

BY RUPERT CORNWELL PARIS, April 30.

THE STATE utility, Electricite de France, is pressing the Government for permission to go ahead in the next two years with work on the first of its planned 1,300 MW nuclear reactors—larger than any at present in service in the world.

The new stations, according to an EDF spokesman to-day, would be incorporated into the existing authorised programme, approved by President Giscard d'Estaing, under which work on six stations would begin in each of the years 1976 and 1977.

The most striking aspect of the proposals by EDF is not so much the techniques to be employed — as in most of the existing programme the Westinghouse PWR method will be employed — as their size. Hitherto, each new station ordered has been for 1,000 MW, but the latest ones, if confirmed, would outstrip the largest now operating, the 1,200 MW units at Biblis, for the West German electricity body RWE.

However, should EDF receive the go-ahead, the effect would inevitably be to accentuate the present imbalance between Creusot-Loire, the Westinghouse licensee and Compagnie Generale d'Electricite, which with its boiling water reactors under licence from the U.S. General Electric is already unhappy with the few orders it has won in France.

As of now, EDF is planning to order four such stations. A further four are on option and doubtless will depend on what the Government decides should be the future course of France's nuclear energy programme.

Although the Government has bowed to mounting public apprehension over the safety and financial dangers of the original ambitious plans to have 50 power stations operating by 1985, and has called a temporary halt to all schemes after 1977, EDF has again left no doubt that it sees its own future in atomic energy.

The larger stations, it argues, will not only permit economies of scale, but also, by concentrating nuclear power production in fewer sites around the country, reduce the security risk involved.

Bulgarians try to reassure Yugoslavia

By Paul Lendvai

VIENNA, April 30.

THE BULGARIAN Chief of Staff and First Deputy Minister of Defence, General Atanas Semerdjiev, said to-day in a newspaper interview that Bulgaria had no territorial claims against neighbouring states.

Implicitly rejecting Yugoslav charges of territorial aspiration over disputed Macedonia, the Chief of Staff also declared that the Bulgarian Army was defending security and peace in the Balkans.

In a similar effort to defuse the renewed flare-up between Yugoslavia and Bulgaria, Bulgarian President Todor Zhivkov spoke out in favour of "good and friendly relations" at the ceremony for presentation of credentials of the new Yugoslav Ambassador in Sofia. He said the Bulgarian leadership paid "particular attention" to co-operation with Yugoslavia and that "certain differences" should not play a decisive role in mutual relations.

Meanwhile, the Yugoslavs show no signs of soft-pedalling their criticisms. This week's issue of the Belgrade party paper Komunist, for example, said that the Bulgarians' refusal to recognise the existence of a Macedonian nation coupled with their belittling of Yugoslavia's contribution to World War Two victory, has increased Yugoslav suspicion about Bulgaria's real intentions.

Franco-Israeli relations improve

BY ROBERT MAUTHNER PARIS, April 30.

RELATIONS BETWEEN France and Israeli, which have been frosty ever since the Six Day War in 1967, have noticeably improved following a three-day visit to Paris by the Israeli Foreign Minister, Mr. Yigal Allon.

Although Mr. Allon admitted at a Press conference to-day that there were still a number of important points on which the two Governments disagreed, he made clear that he was pleased with the reception he had received. The atmosphere at his talks with President Giscard d'Estaing, whom he saw for an hour yesterday, and with M. Jean Sauvagnargues, the French Foreign Minister, was stated by both sides to have been friendly and pleasant

In the words of Mr. Allon "after eight years of cold winds from the Elysée towards Israel, I think that, at last a solid foundation for a dialogue between the two countries has been established."

The Israeli Foreign Minister said he had informed his hosts that Israel was prepared to go to a reconvened Geneva Peace Conference on the condition that there was a real chance of a successful outcome. There must be no risk of a failure, since this would merely increase the dangers of a renewed outbreak of hostilities between Israel and the Arab countries. Even Mr. Andrei Gromyko, the Soviet Foreign Minister, had emphasised recently that a resumption of the Geneva negotiations must be thoroughly prepared.

Mr. Allon did not think that the failure of Dr. Kissinger's Middle East peace mission was quite the disaster which it had been made out to be, although he understood America's bitterness and disappointment at what had happened. After a reasonable interval, he expected a new initiative to be taken.

Personally, he preferred direct negotiations between Israel and the Arab countries for an overall peace settlement, but if this proved to be impossible, Israel would also agree to stage by stage negotiations. What it would never accept were international guarantees as a substitute for the capability to defend itself.

Mr. Allon said that the main lesson to be learned from recent events in Vietnam was that the U.S. and Western Europe should help their friends to look after themselves. The Americans could well reach the conclusion, after the collapse of the South Vietnamese regime, that they must be a little firmer in their efforts to strengthen their friends. He did not think that the U.S. would ever abandon Europe, the Middle East or Latin America.

Spanish police busy in readiness for May Day demonstrations

BY ROGER MATTHEWS MADRID, April 30

DURING another day of busy police activity in Spain eight members of the illegal Partido de Trabajo, the Marxist Spanish workers' party, were arrested, students at Madrid University were once again thrown out of their classrooms, two "safe houses" belonging to the Basque Separatist organisation ETA were uncovered, the University of Murcia was closed until further notice, several more arests were made in Bilbao, and in Santiago de Compostela a policeman was injured

Although the security forces are on full alert in anticipation of more troubles to-morrow, May Day, most sources discount the likelihood of anything more than strictly limited actions by small groups.

Prince Juan Carlos, the future king of Spain, said at a military ceremony to-day that he had great faith in the future of the country, "because I know the virtues of our men and I am certain that whatever efforts necessary will be taken to maintain the unity and strength of our armed forces."

Since the Portuguese revolution just over a year ago this has been a recurrent theme in political and military speeches. Following the declaration of a state of emergency in two Basque provinces last week-end it has been more than ever necessary to demonstrate that the whole regime is behind measures designed to stamp out not only Basque separatism but also any other "subversive" moves to topple the government

The political police are thought to have become increasingly interested in the role of the Partido de Trabajo (PTE), formerly the International Communist Party, as a result of its decision to join with the Communists in the so-called "Junta Democratica." The junta is an attempt to group all democratic forces together and to present a viable alternative for the post-Franco era. The eight PTE members were arrested in Jerez de la Frontera and they are expected to be charged with illegal assembly.

Hundreds of police, backed by water cannon, a helicopter, and mounted sections, dominated the campus this morning at Madrid University where students tried to stage meetings. Police entered most faculties to tear down posters and flags.

FRANCE SOIR EDITOR GOES

M. HENRI AMOUROUX, editor of the mass circulation evening paper France Soir, will step down from his post in just one week's time—a further sign of the grave difficulties facing not only his own paper but most of the Paris Press.

The exact reasons for M. Amouroux's departure have not yet been made clear, but since his appointment in early 1974 the editorial improvement in France Soir has not been matched by any corresponding upturn in its finances.

Canadians may extend fishing limits

By David Egli

GENEVA, April 30.

CANADIAN FISHING limits are likely to be extended to 200 miles off the coast next year if there is no international agreement providing for adequate management of fish stocks in Canadian waters.

Commenting on the present Law of the Sea Conference here, Mr. Romeo Leblanc, Canadian Minister of Fisheries, said that although Canada favoured a multi-lateral solution to the problem of fish management, resource depletion had become a threat to the existence of coastal fishing communities, particularly on the Atlantic coast.

Italian general released on bail

BY ROBERT GRAHAM ROME, April 30.

GENERAL Vito Miceli, former head of the Italian Security Services (SID), arrested six months ago on a lengthy list of charges involving political conspiracy, was to-day released on bail. On two previous occasions, pleas by General Miceli's lawyers have been turned down.

His release on bail of L.10m. was agreed by a Roman court to-day under a law which permits bail if the person has been kept more than six months in jail without being brought to trial. General Miceli has spent all the time since his arrest on October 31, first in a military hospital in Padua and then in Rome.

General Miceli is the highest ranking officer to have been arrested in postwar Italy and the charges against him are extremely serious. The arrest warrant accused him of "promoting, setting up and organising, together with others, a secret association of military and civilians aimed at provoking an armed insurrection to bring about an illegal change in the constitution of the State and the form of government." He was also accused subsequently of abusing his position as head of the Security Services.

SIXTY PROTEST SOVIET ARREST

MOSCOW, April 30.

SIXTY leading Soviet dissidents called to-day for world-wide protests against the arrest of Amnesty International official Andrei Tverdokhlebov.

In a statement handed to Western newsmen, they said: "Any state, and even more a great power, which persecutes its citizens in this way for their convictions, covers itself with shame."

The signatories included well-known writers and scientists who rarely sign public protests. Human rights campaigner Andrei D. Sakharov said he believed the list was the most comprehensive in the ten years the dissident movement has been operating.

UPI

EEC refuses steel aid

BY DAVID CURRY LUXEMBOURG, April 30.

THE European Commission to-day turned down requests from steel producers for short-term help to counter the recession in the industry. Arguing that the situation was grave, but far from disastrous, it said that it would be unjustified in declaring the state of "manifest crisis" which had been demanded by some producers, notably by M. Jacques Ferry, president of the French steelmakers' organisation.

The only hint of specific action to influence supply and demand contained in the reply to the steelmakers was the undertaking to "keep a particularly close eye on the trends in steel imports to the Community and their effect on steel price levels." Restriction of imports has been one of the measures within the Commission's competence which have been urged on it.

However, no moves to set production quotas or fix minimum prices are to be taken. Instead the Commission is urgently to undertake the collection of detailed information from the industry "so as to be in a position to base any decisions that may prove necessary on sufficiently reliable data." To do this it is prepared to resort to the provisions in the European Coal and Steel Community treaty obliging companies to provide it with information.

It has also begun an urgent revision of its present forecasts for the steel industry this year in order to provide companies with better guidance on the market situation.

The basic argument of the Commission is that over the past four years the steel industry has gone through a fairly even cycle of activity, and that the present crisis—which it is inclined to regard as short-term—falls essentially into the pattern of the cycle. In addition, the fact that there has been no widespread permanent redundancy in the steel industry has helped to incline the Commission towards caution in its response to pleas for help.

The Commission was acting against a background of figures showing that at the beginning of April export prices for steel were between 41 per cent. and 55 per cent. down on the highest levels of last year and demand in February was lower than in the recession year of 1966. The current estimate of 1975 Community steel production is 140m. tonnes against 156m. tonnes last year. Prices on the internal EEC market were 40 per cent. below last year's high with orders in the original Six some 39 per cent. below last year's first quarter.

However, the Commission was also acting against the backcloth of the British referendum campaign, and is anxious not to be seen to be flexing its muscles in an area of policy where the British Government is very sensitive and where anti-Market capital is to be made from bureaucratic "interference."

THE EUROPEAN COMMUNITY

A famous victory for the Parliament

BY DAVID CURRY, IN LUXEMBOURG

THE EUROPEAN Parliament had voted by a thumping 127—4 majority to assert its control over the budget for the Common Market Regional Fund, when Georges Spenale, the French Socialist President of the Parliament, leaned quietly over his desk to speak to Mr. Garret FitzGerald, the Irish Foreign Minister and representative of the Council of Ministers: "You see, sir," he commented, "here we operate in considerable difficulty. Our members all have heavy commitments at home. We have no electronic aids for voting. We have no system of voting by groups. We have to do everything very laboriously by counting individual votes. But when Parliament is faced with a really vital issue we can always muster the support. I should like you to report that to the Council."

Mr. Fitzgerald, well liked in the Parliament and believed by most members to share their views to a considerable extent, made his reply brief: "I take note of what has happened, and I will report it to the Council."

Dispute

What had happened was that Parliament had decided to take a stand on principle on an issue in which it has been in prolonged dispute with the Council of Ministers.

This issue was the budget of the Regional Fund, agreed by the Paris summit meeting of Heads of Government last year to be established on a budget of 1.3bn. units of account over the first three years. This meant that within two years the Regional Fund would become second only to agriculture as the most important item in the Community budget.

The dispute was not really about arithmetic: it was about who ultimately controlled the money. For in the Community there are two sorts of expenditure: the so-called "compulsory" expenditure, which means money spent on programmes flowing directly from the original treaties of the Community; and "discretionary" or "non-compulsory" expenditure which broadly means programmes decided upon at a later stage in the Community's development which could not be said to be directly derived from the treaties.

The importance of this distinction is constitutional: the Council of Ministers retains the essential powers over compulsory expenditure, while in the area of discretionary expenditure Parliament has the say. It is one of the few areas where Parliament has specific powers.

The Regional Fund had got embroiled in this constitutional question. The Council of Ministers insisted it was compulsory expenditure, the result of political horse-trading at the Paris Summit and indivisible from the political package which emerged at that summit. Parliament claimed that it was discretionary, and when Council sent to Parliament the budget for the Regional Fund, classifying the expenditure as compulsory, Parliament dug in its heels and refused to pass it. At Luxembourg, it took the logical consequence and passed a budget which insisted that the expenditure was discretionary. Technically the vote was to raise the ceiling on discretionary expenditure to allow the Regional Fund "to be accommodated within this category, but throughout the debate the issue of principle behind the technicality was being insisted on.

Democratic

The Regional Fund, then, is now officially discretionary expenditure since the Council is unlikely to challenge, though it will renew the argument next time round. In a sense, however, one battle may have been won but the campaign will be resumed in the autumn because in preparation of the 1976 Community Budget the whole question of classification of expenditure will arise again.

How hotly the dispute is resumed will depend to some extent on the outcome of the British referendum and the political complexion of the Council. For it was not a unanimous Council which disputed the issue with Parliament. Essentially the backbone of opposition to Parliamentary claims came from the British and the Danes.

The British were in a difficult position. The Labour Party has tended to deride the European Parliament as a semi-democratic institution incapable of standing up for democratic processes in Europe. Labour members have not taken up their seats in the Parliament.

But, precisely because the Parliament is now beginning to assert its right to be the democratic guardian of the community, Labour faces a paradox. As Parliament increases its prerogatives, in the eyes of the Labour Government it threatens to become another of those Community institutions gradually encroaching upon national sovereignty at a time when the Government is fighting a heavily defensive campaign on sovereignty against the anti-Marketeers at home. In a sense, Mr Callaghan's resistance created Parliament's "victory," simply because he and the Danes pushed the Council into its confrontation with the Parliament.

Perhaps the most dramatic assertion of the importance of the issue came from M. Claude Cheysson, the Commissioner with budgetary responsibility. For the first time, he argued, Parliament had started to exist legally. Not merely had it stuck to its guns on the isue of classification, but the long process of conciliation undertaken with the Council had brought Parliament's viewpoint home to every member-Government and forced them to take note of Parliament in a way which would have been inconceivable a few years earlier.

He put it this way: "Either you have a Common Market run essentially by executives attributing power to the Council of Ministers or you have a community in which the representative institutions must eventually increase their powers." The Parliament and the Commission, for M. Cheysson, were the genuinely "Community" institutions.

Conciliation

Parliament has a long way to go. Its hopes for direct elections in May 1978 may well be frustrated. At the moment these hopes are centred on the report on European union being compiled by the Belgian Prime Minister, Mr. Leo Tindemans, which will include a review of the role of Parliament. As the plan is for each country to devise its own way of electing representatives, legislation will be required in each State, and the willingness of the national governments to make the necessary provision will determine whether the direct elections can take place.

Parliament has substantial powers if it wishes to use them. The ultimate weapon is the power to dismiss the entire Commission, though not individual Commissioners. Twice Parliament has tabled resolutions to dismiss the Commissioners, but each time has declined to press its argument. The importance of this power is less than the Commissioners can be thrown out than that the threat to do so, if insisted upon, can precipitate the process of political conciliation and trading between the institutions of the Community, which is the way the Common Market adjusts its balance of power.

On all questions of money Parliament can also insist on the process of "concertation" or conciliation, to find common ground with the Council when there are questions in dispute.

This really is the key to Parliament's power. It is not in the business of making dramatic gains in sovereignty as such. Its interest is in compelling its voice to be heard more powerfully and more frequently in the normal political processes of the Community.

On Tuesday, behind the broad grin of Georges Spenale as he made his carefully considered aside to Garret Fitzgerald was the conviction, finally, that the show was on the road.

Norway votes for IEA energy link-up

BY FAY GJESTER OSLO, April 30.

A SPECIAL agreement linking Norway with the International Energy Agency (IEA) was ratified last night by the Norwegian Storting. Voting was 102 to 19, with the Socialist Left Party (SV) and the tiny Liberal Party opposing. Several votes against ratification were also cast by rebel Labour Party and Centre (Farmers) Party MPs.

Conservative Party MPs expressed regret that the minority Labour Government had not been willing to accept full IEA membership for Norway, while opponents of the agreement said that even association with the agency would diminish Norway's control over its off-shore resources. Mrs. Berit As, recently elected SV leader, criticised the IEA as the product "of an American move to create a new, U.S.-dominated organisation similar to previously established organisations such as the World Bank, the International Monetary Fund, NATO and so on."

There was some criticism of the agreement even from MPs who said they would vote for it.

Mr. Lars Korvald, a former Prime Minister and Parliamentary leader of the Christian People's Party, said the agreement was "one-sided." Norway had accepted obligations in a crisis situation, but had not received corresponding rights. He conceded, however, that these obligations would be less than if Norway had become a full member.

Another former Prime Minister, Mr. Per Borten (Centre Party), called for reassurances that Norway, and not the IEA, would have the right to define Norwegian reserve production capacity for oil, and to decide when a crisis situation—calling for special measures by Norway—had actually arisen. He said the Government had not adequately informed either the public or the members of the Storting about the agreement.

Milan player 'to buy club'

MILAN, April 30.

IF MILAN AC football club is ready to sell Gianni Rivera, Gianni Rivera is ready to buy Milan AC.

The 31-year-old former "golden boy" of Italian soccer issued his challenge yesterday to club president Albino Buticchi, who first talked about putting Rivera on the transfer list and then about giving up control of Milan.

"Following reports which appeared in the Press, I have asked a financial group to examine a programme of mine," Rivera said in a written statement. "If Mr. Albino Buticchi's proposal is serious, this group is in a position to provide the financial means needed to buy his interest in Milan."

Whether the deal comes about or not, Rivera said, "I intend to give my best to Milan for a few more seasons" as a player. It is the first time in Italian soccer history that a player has challenged a club president to a financial duel.

A former player, Giampiero Boniperti, is president of league-leading Juventus, but he was given his job by the club's traditional financial backers, including Fiat auto works President Gianni Agnelli. All other club presidents are wealthy businessmen.

Rivera, who has long been accused of heading a powerful players' clique inside Milan, did not say who his financial backers were.
UPI

SWEDISH MOVE ON S. AFRICA

By William Dullforce

STOCKHOLM, April 30.

A SWEDISH trade union delegation which recently visited South Africa has advocated that the union confederations and the Government should step up pressure on Swedish companies operating there. In particular it proposes that stricter regulations be applied to the transfer of Swedish investment capital to South Africa.

About ten major Swedish concerns, including Alfa-Laval, ASEA, Atlas-Copco, Electrolux, Sandvik and SKF, the Swedish ball-bearing maker, manufacture in South Africa, employing some 5,500 workers.

Swedish unions should "prevail upon" them to recognise the "democratic Black trade unions" being formed and to negotiate agreements with them, the delegation proposes in its report. The unions should also "induce" the companies to improve quickly Black workers' wages and other employment terms.

INDOCHINA

The end of the road . . . a South Vietnamese helicopter is dumped in the South China Sea after its pilot fled to an American carrier.

Hanoi likely to make early moves to unity

BY KEVIN RAFFERTY, ASIA CORRESPONDENT

HANOI WILL formally and legally re-unify Vietnam under its own rule before the end of the year.

The Communists may even try to complete the integration of the country in time for the 30th anniversary celebrations of Ho Chi Minh's declaration of independence of September 2, 1945.

The key question is the date of the formal hand-over, as actual control has already passed to Hanoi. That happened when the Communist troops entered Saigon yesterday.

Although the victorious forces carried the Viet Cong flag rather than the North Vietnamese one, there is no doubt that Hanoi will control the new regime in all but name—and that will soon follow. Another sign of the new masters was the re-naming of Saigon as Ho Chi Minh City.

In Paris yesterday Mr Dinh Ba Thi, head of the Provisional Revolutionary Government delegation, said that the new South Vietnam would follow a policy of peace and non-alignment in its relations with foreign countries.

It was ready to establish relations with all countries, whatever their political or social colour "on the basis of mutual respect of independence and sovereignty."

But his other remarks made it clear that the long-cherished dream of reunification has not been dropped. South Vietnam was now free and independent, he said, but he added: "The sacred testament of our venerated President Ho Chi Minh is achieved. It is a huge victory of historic proportions for the population of South Vietnam and for the whole Vietnamese nation."

He continued: "The Provisional Revolutionary Government will mobilise all national energies to build up in newly found peace a peaceful, independent, democratic, neutral and prosperous Vietnam to steer it gradually towards a peaceful reunification of the Vietnamese fatherland."

The victory in South Vietnam was achieved by superior North Vietnamese arms and generalship rather than through the merits of the indigenous Viet Cong guerillas, who were defeated as a major force in 1968 and never recovered. Many Western observers doubt whether the Provisional Revolutionary Government has much power except as a tool of Hanoi, inserted at the insistence of Hanoi just to underline this point. Two of the members of the PRG, including its Minister of Defence, are believed to be North Vietnamese generals.

Hanoi has never made any secret of its sacred mission to re-unify Vietnam. In a series of commentaries the North Vietnamese referred time and again to the fact that under the Paris peace agreement "the U.S. and all other countries respect the independence, sovereignty, unity and territorial integrity of Vietnam as recognised by the 1954 Geneva agreements."

The important outstanding question is how the unity is to be achieved. Because they are sticklers for the letter of the law the Communists may well go ahead and establish the national council of concord and reconciliation, which President Thieu refused to set up, and then go on to elections.

Vietnam assets frozen

WASHINGTON, April 30.

THE TREASURY Department today placed a freeze on all South Vietnamese assets in the U.S.

The order means that no one in South Vietnam can withdraw funds from an American bank account without the permission of the Treasury Department. Also, no American can send money to South Vietnam, even for humanitarian relief, without Treasury approval.

The action was approved by the National Security Council. A similar embargo was ordered on April 18 when Cambodia fell to the Communist insurgents.

Mr. Stanley Sommerfield, acting director of the Office of Foreign Assets Control, said that South Vietnamese bank accounts in the U.S. totalled about $120m. "as of a few weeks ago." But, he said, "obviously, there must have been a serious drain in the last few weeks."

In Bern the Swiss Government banned "import or depositing" of gold shipped out of South Vietnam or Cambodia and formally waived bank secrecy rules to permit control of the ban.

The Government spokesman, Mr. Walter Buser, said the "urgent decree" was adopted at the weekly Cabinet meeting and applied to all gold "known or believed" to come from the two countries.

Under the decree, bank employees are required to give "any information required" to controlling authorities and to permit "local inspections." The bank secrecy law cannot be invoked.

The ban came in the wake of rumours that leading figures in the fallen regimes had shipped much gold to neutral Switzerland. Some reports said the total value might be nearing $160m.

Agencies

THE U.S. AFTER VIETNAM

In search of a new world role

BY PAUL LEWIS, U.S. EDITOR

SEVERAL GOOD reasons exist for believing that America's defeat in South Vietnam may not greatly affect the country's traditional goals and commitments in foreign policy—and that all the administration's dark musings about a new age of isolationism are more than a trifle overdone. Like the spring shrubs, these happier counsels have been flowering in the chanceries of the Washington embassies in recent days, as the Communists closed in on Saigon and it became clear that 30 years of American policy in Indochina had failed.

In the first place, the defeat has simply not been accompanied by any kind of a great debate about America's role in the world to-day, or the trumpeting of any particular foreign policy doctrine. The truth is that since the 1972 elections, Vietnam has not been an issue in American politics for most people—merely an embarrassment. The war was supposed to have been ended by the Paris peace agreements of 1973, and the country was not prepared to maintain any further commitments in Vietnam once they had been signed — as President Ford found out when he asked for aid.

Now that the Communists have won, there is little recrimination or bitterness—except perhaps from the administration which is obviously unhappy about being landed with a diplomatic failure that is not of its own making. The overwhelming sensation is of relief—relief that an albatross which has weighed down five successive administrations has finally been lifted from the nation's neck, and relief that an involvement which has poisoned all discussion of foreign policy is over. Just as France's withdrawal from a lost cause in Algeria paved the way for a very active foreign policy, so could the end of America's Vietnam adventure.

It is, of course, true that the present political situation in Washington is disorganised and that the incessant feuding between Congress and administration makes it hard to know who is really in charge and how much weight to attach to anybody's word. The political situation is unprecedented and temporary too, as an unelected President is eyed by a hostile Congress which has devoured his predecessor and is in no mood to let him off lightly either. But next year's elections will legitimise the Presidency and cool off the post-Watergate ferment.

Looking behind the day-to-day news, moreover, it is not easy to spot any very obvious change n the mood of the country. Richard Nixon was not a lovable man and his departure went unmourned. Yet he was the crushing victor in the election only 2½ years ago, enabling him to pursue his internationalist policies. The troublesome liberals who figure so prominently in the new Congress, are the products of an extraordinary political crisis and an election in which only 38 per cent. of the population took part.

Throughout the whole debate over aid to South Vietnam, the Congress has retained its obsession with national security. Indeed, all sorts of events have conspired in the last few months to make it more concerned about defence and alliances at the very time when it was washing its hands of South East Asia. Distaste for Mr. Nixon spilled over onto his detente policies too, while the recession encourages big defence spending. To the extent that Congress acknowledges some duplicity in Russian and Chinese dealings with Vietnam, it will be the more on its guard.

While America shrugs off Vietnam, there is really very little sign that it is giving up in other foreign policy areas. The defence department will have less trouble with its budget this year than usual, and there are even signs that Congress does not want traditional allies to draw the wrong lessons from what is going on. Senator Mike Mansfield's annual attempt to withdraw troops from Europe will go down to a big defeat this year, if he dares to introduce it. And the troublesome debate over tactical nuclear weapons in Europe is fizzling out.

Finally, it is hard to find any changes in the pressures that usually shape America's foreign commitments. Economically, the country was never more deeply involved with Europe and Japan than it is to-day, nor have the problems confronting the Western industrial world seemed less soluble by any nation on its own. In its struggle with the executive, the new Congress is really trying to recover some of the idealism that once inspired American foreign policy and was drained away by Vietnam. The best hope for America's traditional allies, the argument runs, is that it should succeed.

Perhaps the first qualification that must be added to these comforting thoughts, is that they are not shared by everyone. The silence that has greeted the fall of Saigon in the U.S., is certainly eerie. No speeches, no laments and few recriminations. But it does not necessarily mean that Vietnam has become a special case that can be forgotten about as America marches on down the same old paths as before, as though nothing had happened.

Senator Mansfield did speak for many when he said that America's defeat marked the end of "the World War Two era—of maintaining troops and installations on five continents and ships in all oceans." Dr. Kissinger also was clearly worried about the wider impact of defeat on domestic support for foreign engagements. The only lesson he would draw from the debacle, was that the U.S. should be careful what commitments it made in future and careful that they were observed.

To begin with, President Ford and Dr. Kissinger have lost face yet again through their unsuccessful advocacy of one last aid injection for Saigon. For better or for worse, they are in charge for another year and three-quarters, and all their pleas to forget the past, bind up old wounds and address the new tasks ahead must sound that bit more unconvincing now. Moreover, their personal loss of face is also a setback for the kind of global balance-of-power policies to which they are committed.

It is unlikely that the loss of Vietnam will figure in domestic politics directly, despite Vice-President Rockefeller's suggestion that the Democrats might suffer next year from their refusal to vote more aid. The indifference to Saigon's fate seems too great for that. But it may well mean that as the campaign warms up, there is increasing criticism of Dr. Kissinger's own diplomatic style and judgment and that the Ford Administration loses its authority in the foreign policy area more quickly than would otherwise be likely.

Second, it must now be as clear as daylight that the U.S. is not going to go to the rescue of any more small underdeveloped allies trying to repell a Communist invasion—or even to send them military aid. To judge from Dr. Kissinger's remarks last night, SEATO is a write-off now for one, and it may be worth wondering whether the time has not also come to abandon the illusions of CENTO as well. What effect this will have on the global balance of power and East-West contacts generally is speculative. But even though Russia and China have been careful not to exploit America' problems in Vietnam so far, the could not restrain the Nor from going for a military victor —and it remains to be see whether they will be able t prevent North Korea fron making a similar test of Ameri can willpower on the Asian land mass.

But the main point that mus be made about the post-Vietnam era in domestic terms is tha America had already been los ing its appetite for a globa foreign policy before its defea in Vietnam. Much has been don to alleviate the economic cause of this disenchantment wit military offset agreements and a floating dollar. However, failure of will on the scale of Vietnam is not going to be easily forgotten—and all the more s now that five administration have been proved wrong in their major premise that the South could be saved.

This does not mean the U.S will go isolationist—the optimist of Embassy Row are right abou that. NATO will remain intact and the trade negotiations wil go ahead. The U.S. and its Euro pean allies still have th strength and ability to make rea sonable arrangements wit Moscow in the disarmament nego tiations. The real effect o Vietnam is likely to make itsel felt in a continued tusse between Congress and Executiv that may well survive nex year's election and the legitimi sation of the Presidency.

After what has happened, th process of making foreign polic is likely to become more com plex, difficult, slow and for othe countries, unsettling to American aims may have bee brought back into better lin with American abilities — an this is certainly one lesson o the debacle. But the other i that very big mistakes can b made very easily in foreig policy and both Congress and th Administration are likely t become cautious and suspiciou as a result—arguing that only i this way can they prevent foreig policy becoming discredited an Vietnam producing a new age c isolationism.

TO ADD to official embarrassment in Washington, Dr. Nguyem Tiem Hung, former right-hand man to President Thieu, yesterday revealed the texts of two confidential letters written by former President Richard Nixon in order to persuade the South Vietnamese leader to sign the 1973 Paris accords, writes Adrian Dicks from Washington. They promised that the U.S. would take "swift and severe retaliatory action" against North Vietnam if the accords were violated. Charges that the Thieu Government was misled by secret undertakings of which Congress was kept ignorant have been levelled repeatedly at the Ford Administration, most notably by Senator Henry Jackson. Only yesterday the White House refused to release the correspondence between Mr. Nixon and Mr. Thieu on the ground that it was "no longer relevant."

Americans still feel they have a duty to help out—in some way

WASHINGTON, April 30.

AMERICA has reacted stoically on the whole to the fall of South Vietnam, accepting the most severe setback to U.S. ambitions in this country's two centuries of existence as something that had become inescapable.

For those who were opposed to U.S. involvement and who had long predicted the eventual collapse of Saigon, there is little satisfaction in being proved right at such enormous cost in lives and in money. Senator George McGovern said simply: "The only way to redeem anything from this whole nightmare is not to repeat it."

Conservatives like Senator Barry Goldwater still feel the U.S. could have won the war if it had tried to, and if it had moved harder and earlier against North Vietnam.

As calm as all this may seem on the surface, there is also a deeper feeling in this country that Americans have a duty now to help out in some way. One expression of concern was the flood of offers of foster homes for Vietnamese orphans—an impulse that has in turn, led to charges of fresh blundering interference as reports have intensified that many of the children are not orphans at all. Psychologists and old Indochina hands feel they would have been happier in the care of the country's new rulers.

A more meaningful test of America's guilt feelings may come from the treatment it gives to the refugees. Congress, after quibbling for weeks over whether evacuation operations should include Vietnamese as well as Americans, seems likely to convert its still-born legislation granting $327m. in arms aid into a relief measure for the Vietnamese who will be coming to the U.S.

At grass-roots level, the attitude towards the South Vietnamese refugees seems much less welcoming. Loca officials around the three mili tary bases in California Florida and Arkansas which ar to be used for immediat accommodation have been ex pressing concern about "healt hazards." The cit yof Seattl has thrown out an attempt t pass a resolution welcomin the refugees. And they ar being told by any number o politicians that there will be little chance of getting a job while more than 8m. Americans are unemployed.

100,000 flee in last great exodus

U.S. NAVAL authorities were to-night conducting only limited offshore movements involving refugees from South Vietnam after the Saigon Government's surrender earlier in the day.

U.S. shipping communications monitored here showed that while the principal exodus had finished — with perhaps more than 100,000 South Vietnamese taking to the boats and an uncertain future — some lesser offshore operations were continuing. But there were no reports of operations involving refugees still on the South Vietnam mainland.

As U.S. naval officials tried to co-ordinate the final evacuations, little mention was heard on the air of this morning's surrender. There was one incident, however, when an American vessel, the Pioneer Contender, announced that some South Vietnamese craft carrying 40 local people, mainly women and children, wanted to be escorted to the U.S fleet in the South China Sea. The fleet now is 40 miles south-west of Saigon's port of Vung Tau.

U.S. authorities with the fleet rejected this request. Before this morning's surrender they had usually granted permission in such cases.

About 2,700 South Vietnamese fled to Thailand in about 125 air force planes as the defences of Saigon crumbled and by to-night nearly 600 of them were on their way to the U.S.

The makings of a dispute between Thailand and the U.S emerged over what would be done with the aircraft which have been impounded by Thai authorities at U-Tapao airbase.

Prime Minister Kukrit Pramoj said Thailand would recognise the Viet Cong's Provisional Revolutionary Government (PRG) once it was installed in Saigon and would hold negotiations with a view to giving the planes to the new South Vietnamese authorities.

But informed sources said the U.S., which supplied the planes to the ousted Saigon Government, still had a proprietary interest in them. They include F-5 jet fighter-bombers, transports and helicopters worth millions of dollars.

● The first group from about 610 foreigners who have spent the past 12 days in deteriorating conditions in the French Embassy in Phnom Penh were to-night believed to be on their way to Thai the border town of Aranyaprathet by road.—Reuter

Protect lives, Viet Cong told

TOKYO, May 1.

The People's Liberation Armed Forces (PLAF) of South Vietnam have been ordered to protect the lives and property of the people and foreign residents in Saigon, the North Vietnam News Agency reported here to-day.

The agency said the PLAF command instructed troops:—

"To immediately occupy all military administrative and economic objects, all major communications lines and other important positions.

"To immediately dissolve all organisation of the 'puppet administration,' and all armed organisations and reactionary political organisations of the enemy

"To strictly abide by the code of conduct for Liberation Army combatants and to protect the lives and property of the people and of foreign residents.

"To let officers, soldiers, policemen and employees of the 'puppet administration' realise the situation and to let they lay down their arms.

"To let all employees of the 'puppet administration' go immediately to their offices, and obey the instructions and assignments of the revolutionary administration and the liberation army."

Reuter

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BUSINESS OPPORTUNITIES

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSES

Water jets cut it fine

FLUID JET cutting as a commercial proposition has arrived in the U.K., with the installation of equipment at the Shoe and Allied Trades Research Association's laboratories, Rockingham Road, Kettering, Northants. (0536 3151.)

Built by the McCartney Manufacturing Co., of Baxter Springs, Kansas (a member of the Ingersoll-Rand Group), the equipment cost about £17,000. It will be used by SATRA in carrying out an 18-month £320,000 Government contract for the development of computer grading (shoe sizes and widths), nesting (maximum number of shoe pieces from one sheet of material) and cutting.

Ingersoll-Rand is co-operating with SATRA on the cutting aspect, and the equipment at Kettering will be used by both organisations, not only as the heart of a two-dimensional contour cutting system for footwear, but also for the evaluation of the cutting characteristics of materials used in other industries.

Pointing out that the materials represent 40 to 50 per cent. of the cost of footwear, SATRA expects that the development of computer controlled fluid jet contour cutting will show savings of 5 to 6 per cent. in the cut materials.

Initial use

This equipment will be used initially for linear cuts to establish optimum pressures and cutting speeds for a variety of materials and thicknesses.

Two more machines are to be delivered in October, at about the same price, one to be installed at SATRA to investigate x-y control parameters, while the Association hopes to instal the other at a member company's factory for on-site assessment in footwear manufacture.

The process of fluid jet cutting is simple. Water is mixed with a small quantity of a liquid biodegradable long chain polymer—it has been found that this collimates the jet and minimises spray. The mixture is brought to a high pressure through an intensifier pump (pressure and volume are controlled remotely through a hydraulic drive) and delivered to an accumulator to level pressure pulses from the pump and ensure constant pressure at the nozzle.

From the control panel, the high pressure fluid is carried to a pneumatically operated valve which provides instant shut off and start up, and delivered to the jet nozzle. The liquid passes through the material to be cut, and finally enters a drain or effluent collection system.

Unless the material being cut is a pollutant, effluent is not a problem, as the fluid is biodegradable and the quantities are small.

In a typical large scale installation, one water/polymer mixer would feed nine 40hp, 40 gal./hr., 40,000 psi intensifiers. Each intensifier could supply, via its accumulator, six 0.005 inch orifice nozzles (fluid flow 6¼ gal./hr./nozzle); or three 0.007 inch nozzles (13 gal./hr./nozzle); or one 0.010 inch nozzle (28 gal./hr.); or one 0.012 inch nozzle (38 gal/hr.).

Nozzle orifice diameter also represents the width of the cut—the smallest practical cut so far achieved has been 0.003 inch. The orifice is of sapphire, and averages a 100 hour life, but this very much depends on application, such as intermittent or continuous running. Replacements cost about £10.

Maximum pressures have reached 70,000 psi and the fluid is travelling at Mach 2. Apart from pump noise (about 85 dBA—this would normally be remote from the operating area), the only noise is caused by air entrainment in the jet. Since the jet is usually not more than ¼ inch from the material being cut, noise is minimal.

There are many advantages in fluid jet cutting. Noise is unnoticeable, and there is no dust. Kerf width is so small that unless the correct orifice is chosen it can be difficult to separate parts cut in a sheet. The system is readily adapted to automation, the "blade" never dulls, no pilot holes are needed, and cuts can be started or stopped at any location. Since the cutting is at a point, contouring is simple.

Many materials

The first commercial installation was for cutting cardboard in the U.S. about four years ago, and since then there have been over 30 machines installed, ranging in price from about £10,000 to about £100,000, and cutting a variety of materials from plywood and board, through rubber, foams, fabrics, textiles, laminated paper products, gypsum boards and asbestos sheets, to jigsaw puzzles, (cutting ten puzzles simultaneously).

In the U.K., marketing is being undertaken by the Negri Bossi Impco and McCartney Division of the Ingersoll-Rand Co., Falkland Close, Coventry, CV4 8AU (0203 461367).

Mr. Dennis E. Smith, the division's general manager, told the Financial Times that a number of British companies had already expressed interest, particularly in the corrugated cardboard manufacturing industry, where the board can be cut without compression or damage to the corrugations. Facilities for manufacture are available at Coventry and it is expected that the equipment will be built in the U.K. as interest increases. It is understood there are no U.K. manufacturers of fluid jet cutting equipment.

Mr. O. M. Walstead, vice-president of McCartney Manufacturing, said that in the U.S. the latest development was an investigation of the possibility of entraining abrasives in the jet fluid for cutting very hard materials, but that this was presenting problems with nozzle wear.

Niobium-tin cable made pliable

ONE MAJOR obstacle to the widespread use of superconducting motors and generators, the brittleness of the niobium-tin alloy wires used in the winding of such devices, appears to have been finally overcome.

An announcement made in the U.S. yesterday by General Electric Company in conjunction with Intermagnetics General describes an ingenious way of getting around the brittleness barrier by not attacking it head-on.

The first step is to produce pure niobium rods jacketed with copper and load them into a hollow copper billet.

The billet is then extruded and drawn to produce a copper-coated wire containing hundreds of fine niobium filaments. The basic wire size can then be twisted into cables of any required dimension prior to the final step, which is to plate the cable with tin and heat it in a furnace whereupon the tin diffuses through the copper and reacts with the niobium to form the desired superconducting alloy.

If required, strength can be provided to the cable by incorporating a stainless steel wire as one of the strands.

So far, it is intended to offer the cables in diameters from 1 to 2 mm capable of carrying currents between 90 and 1500 amps in fields of 50,000 gauss.

Niobium-tin is particularly attractive because it can run at higher temperatures (10 to 18 Kelvin) and in higher magnetic fields than its sole competitor niobium-titanium. In cable form it shows high magnetic stability, remaining superconductive in rapidly changing magnetic fields.

Intermagnetics Corp is an affiliate of GE and Exxon and is handling marketing and sales of the product from POB 566, Guilderland, New York 1208[4], U.S.

● DATA PROCESSING

Facts found in four seconds

AUTOMATING a large, active library is a major task. One approach is to store all library information in a large computer memory bank complete with a sophisticated software program to index each story and to provide a means of retrieving each story. This system is feasible and the New York Times has one in operation.

However, it may not be practical for other newspapers to consider for storage of their own material because of the comparatively high cost of computer storage for library information and also because all the existing information would have to be re-keyboarded to be placed in the computer memory.

Image Systems has come up with a lower-cost, automated newspaper library system—Automated News Clipping, Indexing and Retrieval System (ANCIR) which applies a mini computer to control a very high-speed microfiche retrieval terminal so that any piece of library copy is available to the viewer in about four seconds on the Image Systems CARD microfiche terminal.

A primary advantage of storing the copy on microfiche is the extremely low cost of film storage as compared to the electronic systems. Secondly, no complete re-keyboarding of copy is required.

The CARD terminal has a carousel which holds 750 individual microfiche each of which holds 192 11 inch by 14 inch page images. One of the previous objections with microfilm systems was that the user spent considerable time viewing many pieces of copy before finally finding the one desired. ANCIR reduces the search time to about the same as all electronic libraries and even for full text display.

At the time the copy is photographed for storage, the headline of the story plus any special keywords, such as names, places and subject headings, are keyboarded on to a computer card along with the microfiche page number. Image Systems has developed computer software which will develop a number of index references from the story headline.

The computer program sorts and develops the alphabetical retrieval index so that any given story can be retrieved using a number of logical reference words. Once the computer program develops the computerised index, it is produced on fiche via COM (Computer Output Microfiche), and indexed by photographing the computer printout.

The index is periodically updated to include the copy more recently placed in the library. Image Systems, the data processing department of the newspaper, or a computer service bureau using programs provided by Image, can provide the initial indexing and updates from the newspapers' punched cards of the story headlines.

In starting such a system, each item in the library is photographed once using a special high-reduction camera. This is done after the tear sheets of the news stories have been ganged on a 11-inch by 14-inch copy board. There is no requirement for ganging related stories on the copy board; any combination can be used, such as a sports story, a legal or political story, etc. At the same time a computer card is punched with the headline of the story, so are any keywords desired, along with the microfiche page number.

Image Systems, 548 Chiswick High Road, London, W.4 (01-995 2421).

● POLLUTION

Suppression of odours

THE LEGAL position with regard to offensive trades and odour nuisances should be reviewed and a series of guidelines and codes of practice prepared to enable local authorities and industry to deal effectively with the problem.

These are two of the main findings of a working party set up nearly five years ago whose second and final report is published to-day.

Although a situation can be considerably improved by the adoption of the best present practice, the working party says the nuisance from odours will not always be completely eliminated.

It says that the sensory measurement of odour, using panels of observers, can now be carried out reliably and reproducibly by means of a "dynamic dilution" apparatus developed at Warren Spring Laboratory and which, it is hoped, will be available commercially in due course. A mobile odour laboratory for such measurements has also been designed and constructed.

The report examines some of the odour abatement methods in use. These include absorption in an oxidising aqueous solution, absorption on activated charcoal, thermal and catalytic afterburners, the use of ozone, masking agents and counteractants.

The report also takes into account animal by-product farming and related operations such as maggot breeding, silage making and manure drying. Food processing, chemical and metallurgical processes, refuse disposal and sewerage are also covered.

A programme of research with the aim of solving the remaining problems in odour measurement, prevention and abatement is under way at Warren Spring Laboratory.

● HANDLING

Load cells weigh coke

ONE OF the steps taken by the British Steel Corporation in the improvement of its blast-furnace operations at Appleby-Frodingham steelworks was the installation of one of the first electronic tippler weighbridges in the steel industry. Most are of the mechanical type.

The 50 tonne-capacity weighbridge, which was supplied by Henry Pooley and Son, is built into a Strachan and Henshaw "Rotaside" tippler designed to discharge rail coke wagons directly to the coke-crushing plant. Stamped for trade use, it weighs wagons up to 35 tonnes gross capacity on a fully automatic cycle.

Its control system is interconnected with the tippler controls to ensure that tippling cannot take place until after gross weighing and that another wagon cannot be hauled into the weigh platform while the preceding wagon is being weighed.

Gross and tare weights are indicated by a digital display reading in increments of 0.01 tonnes. A tabulator controlled by the digitizing weigh instrumentation prints gross and tare weights and a calculated net weight on a tally roll against a keyed-in six-digit wagon number.

Henry Pooley and Son, 37 Temple Street, Birmingham B2 5DP. (021 358 1112.)

Counts and controls parts

METALLIC PIECE parts with two to five millimetres major dimension can be counted without contact at rates up to 100/sec using a batching head developed by G.R. Electronics, 80, Church Road, Newport, Gwent NPT 7EH (0633 67426).

Components falling singly through the centre of the funnel interrupt a high-frequency magnetic field and the disturbance is sensed and converted into a pulse to increment the batch counter.

A pneumatically or electrically operated flap at the funnel base is triggered by the last pulse in the batch as the batch counter re-sets. The flap is held shut for a pre-set interval to allow an empty container to be placed under the funnel and the head continues counting components. The system does not have the inaccuracies inherent in batching by weight.

مطابق الأصل

Another depressing month for building industry

BY MICHAEL CASSELL

FEBRUARY was yet another depressing month for orders for the building industry, with no sign of an end to one of the *worst recessions recorded*.

Construction output last year was nearly 10 per cent. down on 1973 and a further fall of 6 per cent. or more is expected next year.

There are few indications that the housing sector is set for any significant improvement, but there are widespread fears that further cuts in public expenditure will reduce the industry's total workload still further.

With commerce and industry becoming increasingly reluctant to invest, new building work in this direction is also desperately short and likely to become more difficult to obtain.

Added to the contractors' problems, is the recent announcement of cuts in Government funds for housing improvement schemes, which have been providing builders with a substantial amount of work.

'Staggering'

Calculations vary, but the industry estimates that of a total *workforce of just over 1m.*, about 140,000 employees lost their jobs last year and further heavy redundancies are expected this year.

The National Federation of Building Trades Employers said this week that contractors were being forced out of business by low work levels and sharply rising prices. The following day the National Council for Building Material Producers said that the "staggering" reduction in output could be rectified only with immediate government assistance.

The latest provisional information collected by the Department of the Environment shows that the value of all housing orders obtained by contractors *in February rose from £141m.* the previous month to £203m. at present prices.

All the increase was accounted for by contracts from local authorities, which rose from £70m. in January to £136m., but the comparative strength of this sector of the housing market in recent months could prove to be short-lived as authorities slash budgets still further.

On Tuesday, for example, the Greater London Council said that it was being forced to cut £50m. from housing expenditure in the current year and similar decisions seem inevitable for *other authorities*.

The bleak outlook for the owner-occupied housing sector continues, with contracts in February valued at only £67m., a fall from January and no better than a year ago. Many builders are apparently still extremely uneasy about embarking upon any significant expansion of output, although there are some indications that the situation has improved a little as sales of existing stocks pick up.

Worries about the continuing availability of mortgage finance and several pieces of proposed Government legislation, together with continuing cash flow difficulties, are largely responsible for the builders' caution.

Moratorium

The Department calculates that public works contracts in February were worth £135m. at current prices, a fall of £70m. *from January*, but substantially up on the same period a year ago. This position, however, largely reflects the moratorium on local authority contracts which prevailed in early 1974 rather than any real improvement in output.

Contracts from industrial clients were valued at only £82m. in February, a rise of £30m. on the previous month but £2m. lower than the level recorded a year ago. As all the figures *are expressed in present prices*, the real drop in output is considerably worse.

Commercial building orders in February were estimated at £63m. against £44m. in January. *In February last year orders in* this sector were valued at £112m., again reflecting the enormous fall in output in this field.

The value of all building work won by contractors in February was put at £483m., a rise of £90m. on the previous month and about £40m. up on February last year, an increase which may easily be accounted for by higher prices rather than additional output.

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Burden of subsidised housing

By Michael Cassell

COUNCIL HOUSING subsidies *were now reaching "staggering"* proportions, and a switch of emphasis towards owner-occupation could save millions of pounds for rate and tax payers, Mr. Robert Willan, president of the House-Builders Federation, claimed yesterday.

Mr. Willan told a London seminar that council house subsidies constituted "one of the *fastest growing sectors of the national economy*." Six years ago, he said, they cost £400m., but this figure had now risen to more than £1,200m. and was expected to hit £1,400m. by 1978-79.

He pointed out that the total stock of local authority homes was now more than 30 per cent. of the whole and warned that *any further growth* could have disastrous consequences for the balance of housing finance in the U.K.

Mr. Willan said be understood that section 7 of the 1967 General Rate Act gave a right of appeal to anyone faced with higher rates who disagreed with local spending policies. He had no doubt that those authorities who persisted in building more and more council housing at uneconomic cost, who continued to spend money on the municipalisation of privately rented houses and who also continued to expand direct labour activities, could well face "an avalanche of appeals to the courts."

While the Department of the Environment was engaged in a comprehensive review of housing finance something much more radical than a few small economies was necessary, he contended.

Clyde yard fears £15m. loss

By Chris Baur, Scottish Correspondent

GOVAN SHIPBUILDERS, the Government-owned company formed over two years ago after the liquidation of Upper Clyde Shipbuilders, has succeeded in containing its trading losses to below the figure forecast when the project was launched, But it it now budgeting for a possible loss of over £15m. on existing contracts unless major progress can be made in improving productivity in the two yards.

The 1974 results show a £5.3m. deficit to give a total loss of £8.6m. for the first two full years of trading. This is some £3m. less than forecast by bankers Hill Samuel in their advisory report in March, 1972, and which formed the basis of the Government rescue operation.

The *company's directors said* in Glasgow, however, that they regard the current year as the "watershed" in proving whether the project can ultimately be viable.

Only four of Govan's current order book of 21 vessels have been taken on non-fixed price contracts and its best estimate *is that with current rates of in*flation and only marginal productivity improvements it faces a loss of £15.4m. on these contracts in the next two years. This would shatter the Hill Samuel projections which tentatively suggested a marginal profit in 1976-77.

VAT spree allows retailers to reduce their stocks

BY ELINOR GOODMAN

THE RUSH to beat VAT went on to the last moment last night when some electrical shops stayed open until 10 o'clock in an attempt to cram in all sales possible before the new 25 per cent. VAT rate came into effect to-day.

The worry was that when prices reflect the new rate of tax, sales of such items as TV sets—which have been selling up to six times faster than normal—will collapse.

Retailers were unanimous yesterday in agreeing that the 13-day VAT holiday had led to an unprecedented rise in sales for this time of year. Many, however, were forecasting an unprecedented slump, starting to-day and lasting possibly for several months.

Wedding rings

Some manufacturers said gloomily that they had hardly noticed the boom. Retailers had been merely running down their stocks.

Even wedding rings were affected. "It seems as if everybody living in sin has suddenly *decided to get married*," said a London jeweller, who yesterday had sold twice his usual number of rings.

"Twice as good as an exceptionally good Christmas," was how two electrical chains described the last two weeks of trade.

Electrical goods such as colour television sets, washing machines and hi-fi equipment seem to have benefited most. Currys said that washing machine sales were five to six times above their normal level and Comet said it had quadrupled its hi-fi sales since the announcement of the Budget increase.

Other items affected by the new VAT rate also showed sales increases, though not usually so dramatic as those seen on household durables.

Half normal

Maxwell Croft, the furrier, said, however, that its sales were at least five times above last April's figures. The saving on a £2,000 coat was about £300.

Manufacturers were generally less enthusiastic about the effects on trade than retailers—particularly those in the electrical field. They were concerned that shopkeepers had taken the opportunity to reduce stocks and would not replenish them.

Laskys, for example, said that the sudden surge in sales had brought its stocks down to about *half the normal level*. It intended buying some new goods, but it would not build up stocks *affected* by the new tax level, to anything like their old level.

Some electrical multiple groups, such as Currys said that they would re-stock extensively, but there was a feeling in the retail trade that the next few months would be a buyers' market and that there would be bargains around if they waited long enough.

Thorn Electrical Industries said that it was "anxious" about the immediate outlook, given the tendency among retailers to reduce stocks.

Pye of Cambridge echoed the opinion. Retailers had taken the *opportunity to liquidate stock in* advance of the traditional sales slump in the summer. As a result of the Budget, it had reduced its production targets by 20 per cent.

Strategy

Opinions in the electrical industry were divided on whether the Chancellor's strategy had worked and that British manufacturers had benefited more from the boom than importers.

Some retailers said that the proximity of British manufacturers meant that they were in a better position to cope with the *sudden demand*, but others said that importers were carrying high stocks because of the backlog built up after the dock strike.

There were also reports that some importers of hi-fi equipment, who usually shipped their goods from Japan, had used air freight.

Loyalist victory forecast

By Dominic J. Coyle and Giles Merritt

BELFAST, April 30.

THE ULSTER constitutional election campaign ended to-night with all established political parties calling for a big turnout at to-morrow's May Day poll here and with each party seemingly convinced that a high poll would benefit its candidates seeking election to the 78-seat Con*vention*.

The consensus of independent observers remains that the three Protestant Loyalist parties making up the United Ulster Unionist Council (UUUC) will just about secure an overall majority of Convention seats, although some of the smaller parties, and particularly the non-sectarian Alliance Group, question this forecast.

Final campaign statements to-day from the main party leaders brought no surprises. The UUUC "triumvirate," Mr. Harry West, the Rev. Ian Paisley and Mr. William Craig, continued to the end with their call for strong and stable government. This, in their view, means conventional *majority rule*.

The almost exclusively Roman Catholic Social Democratic and Labour Party (SDLP) is insisting that there must be effective power-sharing in government and tangible expression given to the so-called "Irish dimension" of the Ulster problem.

Redundancy problem faces Pilkington

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

TWO ANNOUNCEMENTS from Pilkington Brothers yesterday highlighted the problems of industrial redundancies and the *changes taking place in the glass* industry.

Pilkington is to close by November its 38-year-old sheet glass factory at Pontypool, South Wales, and will make about 450 redundant. However, its fibre-glass subsidiary is to go ahead with construction of a £20m. factory at Pontyfelin, two miles away, providing 300 new jobs.

But there will be a year's gap between closure of the sheet glass plant and the coming on stream of the glass wool factory.

Pilkington has already cut its total U.K. workforce between July last year and the middle of April by 2,000 to 20,537 including 600 who have gone since February.

Demand for sheet glass has practically disappeared in the U.K. but Pilkington is to re-start two additional machines on a currently-operating sheet glass tank at St. Helens to cope with what demand is left. This will create 60 jobs at St. Helens.

Meanwhile, some 400 redundancies will arise from a major rationalisation programme announced by soft drinks concern Cantrell and Cochrane (Great Britain) yesterday.

C & C is to close its factories at Gloucester and Wath-on-Dearne and four of its smaller depots in September. Production will be concentrated from then at its main Sunbury-on-Thames, Southfields and Stockport factories.

Redundancies were also announced yesterday by Universal Grinding Wheel plant in Stafford where 200 workers are being laid off.

In Northumberland, at Cramlington, Ronson Products is laying off 100 of its 750 workforce.

Pianoforte Supplies, of Roade, Northants., is inviting up to 200 volunteers for redundancy.

Report calls for register of landlords and agents

BY JOE RENNISON

A SERIES of minor improvements in tenant/landlord relations is put forward in a report published yesterday on behalf of those representing the private sector of rented housing. These include the statutory registration of landlords and their agents.

The report suggests, however, that it is impractical to draw up a code of conduct that can be observed by both sides of this highly emotive sector, which has become a political and financial football. More investigations to try to find a solution would be made.

The report, People and Homes, was compiled on behalf of the British Property Federation by Mr. Daniel Caplan, a former civil servant with the Department of the Environment.

His basic remit was to try to find a formula whereby the Federation could advise its members on "codes of conduct for responsible ownership and management of property."

The Federation, while accepting the report, says that it is in no way committed to the findings. Mr. Victor Lucas, its president, said that he was deeply disappointed in the conclusions on this point, but this would not be the end of the matter.

What was needed was a greater effort at educating both the landlords and the tenants in the legal and social responsibilities of their separate positions.

He roundly condemned successive Governments for allowing the present position to apply by their inability to solve the housing problem.

Underlying the report, although it is not specifically stated, is a condemnation of the rental structure in both private and public sectors of housing.

More coal less oil consumed

By Peter Foster

ENERGY consumption in February reached its lowest level—apart from the crisis period at the end of 1973—for nearly three years, according to the Department of Energy's monthly statistical bulletin Energy Trends, published yesterday.

Provisional figures for consumption, seasonally adjusted and temperature corrected, represent an annual rate of 324.7m. tons coal equivalent.

An increase in coal consumption was compensated by a sharp reduction in petroleum consumption, which fell to its lowest level since the end of 1969.

This meant that coal and oil accounted for equal proportions of total energy used in February for the first time in four years.

Warm May forecast

MAY is likely to be mainly warm, with cool spells in the middle two weeks, the Meteorological Office long-range forecast says.

The first week is likely to be mainly dry with good sunny spells, and it will probably become rather warm in the south, but with a few days of cool, unsettled weather in the north.

Monthly mean temperature is expected to be mostly above average but near average in north and west Scotland. Total rainfall is likely to be near average everywhere but with most of the rain falling in short spells.

Sunshine totals will probably be near average in most districts but a little below average in north and west Scotland. *Thunderstorms are expected to* occur with about the usual frequency for May.

IN BRIEF

Colt prices rise

The price of Colt cars is to be increased by an average 6.75 per cent. on Friday. Datsun raised its prices *last week and Colt is* the first Japanese car maker to follow suit.

Fire damage up

Fire damage in Britain cost an estimated £11.7m. in March, according to the British Insurance Association. The figure for March, 1974, was £9.1m.

Building rule relaxed

Building regulations governing cavity wall insulation can be relaxed, the Environment Department advised local authorities yesterday. The rules say cavities *should not be bridged* because of the risk of spreading damp.

Investment call

U.K. printing machinery manufacturers would have to invest more than ever in new ideas to meet demand from what will be "a very different industry in the future," Mr. Arthur Walker, British Printing Machinery Association chairman said yesterday.

Base rate falls

The sharp recent drop in U.K. interest rates was reflected in a further fall of 1 per cent. to 10½ per cent. in the *base rate* published by the Finance Houses Association. The drop is the third in successive months and brings the rate to its lowest level since August, 1973, when it was 9½ per cent.

Fewer bricks

Brick stocks fell back marginally in March to 926m., a drop of 20m. on the previous month but still more than 500m. higher than a year earlier. Production reached 381m. against 396m. in February and 508m. in March last year, and deliveries rose *from 393m.* to 401m., but were 54m. down on a year earlier.

Noise 'menace'

Urgent, positive action should be taken by the Government to stop the "growing menace" of aircraft noise from Heathrow Airport, says a report by Mr. Geoffrey Holmes, chairman of the Local Authorities' Aircraft Noise Council.

LATEST WILLS

	Net
Mr. Peter Blackburn, a director of Brooke Bond Liebig, left £2,589,070 gross (duty £231,382). Mr. Blackburn, who died in a car crash last February, sold the Chard Meat Company to Brooke Bond Oxo for more than £4m. a few years ago	£1,263,137
Sir Henry Self, a former Permanent Secretary to the Ministry of Production and the Ministry of Civil Aviation, and a former deputy chairman of the CEGB and of the Electricity Council, left £24,522 gross (duty £134)	£23,735

Further duty may be payable on some estates.

HOME NEWS

Keep to social contract, BIM urges executives

BY ROY LEVINE

INCREASES IN executives' salaries should comply with the social contract to help the country to survive its economic difficulties, Mr. Philip Churchill, executive director of the British Institute of Management, said in London yesterday when announcing the annual BIM National Management Salary Survey.

The survey showed that executive salaries rose on average between 21 and 28.8 per cent. during 1974 against a rise in the retail price index of 19.9 per cent.

Changes in U.K. executive salaries 1974/1973

	% change in gross salary	% change in net salary
Chiefexecutive	21.0	8.6
Deputy chief executive	25.3	10.5
Other directors	27.4	11.4
Senior heads of departments	26.9	14.8
Other heads of departments	28.0	17.2
Senior management, grade I	28.8	22.0
Senior management, grade II	24.3	17.4
Middle mangement, grade I	21.6	17.8
Middle management, grade II	22.3	18.4

Earnings after tax, though, rose between 8.6 and 22 per cent. for the nine executive categories shown in the accompanying table, indicating how the higher-paid managers were affected by the present marginal taxation system.

Mr. Churchill said that the BIM would welcome some moderation in salary increases of managers, but only if there was a common understanding of the limits on pay increases in all earnings levels, including wage earners and other salary earners.

"Such an expansion of the social contract should apply at the gross salary level, but something would have to be done by the Government to ease the tax burden on executives.

Executives needed to earn higher net salaries. "Otherwise there is no incentive to take on more responsibility," he said. Yet many companies were finding that, after allowing for cost-of-living adjustments for their staffs, there was little over for those managers who had contributed more than the average.

Two developments — the accelerating brain drain and the fact that Britain was being placed at the bottom of the EEC salary levels—indicated that pay differentials in Britain needed to be considerably higher for executives.

One of the reasons for the explosion in salary increases highlighted in the survey was the response of many companies to give rises to make up for the period of statutory pay restraint which ended in 1973. Mr. Churchill acknowledged that executive salary increases last year were higher than the BIM expected.

He also acknowledged that high wages and salary increases were contributing to the rising rate of unemployment. The feedback which he was getting from the business community indicated that the rate of unemployment could rise above the levels expected by the Government and could reach 1½m. within four months.

A large percentage of that would be executives and the BIM, which was setting up special counselling services for managers, had received a large number of requests for its booklet, Guidelines for Redundancy for Managers.

The BIM was also exploring the possibility of some form of salary restraint in discussions which its chairman, Sir Frederick Catherwood, was having with Cabinet Ministers and other MPs.

The survey of management salaries, conducted on behalf of the BIM by Remuneration Economics, covered more than 24,000 executives and over 400 companies, employing 3m. people or 15 per cent. of the U.K. working population.

State 'should carry social steel cost'

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

IF THE Government insists the British Steel Corporation holds up its redundancy programme for social reasons, the cost should be borne by the taxpayer, not by the steel consumer, says the British Iron and Steel Consumers Council.

The council maintains that the U.K.'s engineering industry must be able to buy its basic raw material at a competitive price or it will not be able to do well in profitable export markets.

These views were put yesterday by Mr. Jack Frye, chairman, on behalf of the BISCC, which was adding its voice to the debate between Sir Monty Finniston, the British Steel Corporation's chairman, and Mr. Anthony Wedgwood Benn, Secretary for Industry, about the need for substantial redundancies at the corporation.

Meanwhile, the steel users insist "this would seem to be the time to tackle the steel industry's chronic problem of overmanning" because, "looked at from a purely commercial point of view, the current low level of steel demand must require a reduction in the corporation's workforce."

Mr. Frye, in a statement sent to the Department of Industry and to the BSC, adds: "If the Government, acting in what it sees as the national interest, wishes the British Steel Corporation to pursue some other policy, then the cost of that policy must be borne by the taxpayer and not by the steel consumer."

Mr. Frye maintains this is no new proposal. It has been recognised and accepted in the case of some other public sector undertakings.

It was put forward in the White Paper on the economic and financial obligations of nationalised industries as long ago as 1967. "But in my view it has not been pursued satisfactorily by any Government in its relations with the steel industry.

Aluminium stocks up as demand drops

BY RHYS DAVID

ANGLESEY ALUMINIUM, one of the three U.K. primary aluminium producers, reports a build-up of stocks because of continued weakness of demand for aluminium.

A report by Mr. Karl Klason, the company's managing director, says that site inventory levels have climbed to 13,000 tonnes—equivalent to two months' production—and are expected to reach 25,000 tonnes or more by the fourth quarter. Stocks at the end of last year were 8,000 tonnes.

The three companies participating in the Anglesey smelter—Rio Tinto-Zinc, Kaiser Aluminium and BICC—estimate that consumption of rods and billets will be down by one third to one half of last year's levels.

Anglesey, which accumulated a loss of more than £11m. in 1972-74, largely as a result of labour disputes, has added a further £1.4m. to its deficit in the first quarter of this year because of weak demand, but this is, in fact, less than the budgeted loss of £1.67m.

Production at the plant came close to the target — 19,660 tonnes against the planned 20,217 tonnes—but with weak demand depressing prices by as much as £23 a tonne, sales revenue came to only £6.85m. against an expected £7.85m. Costs were held down, however, to £8.25m. against an expected £9.5m., making it possible to contain the overall loss.

The difficulties facing Anglesey are affecting other producers.

Alcan, the main supplier to the U.K. market, has been running the Lynemouth smelter at only 80 per cent. capacity since mid-March and has also cut its imports.

Its Canadian smelters have also cut output to 80 per cent. capacity and its Australian operation is working at only 66 per cent. capacity.

British Aluminium has not yet cut output at its main Invergordon smelter or at its two smaller smelters in the Highlands. As a result of various difficulties output was cut to 80 per cent. of capacity for much of last year, making it necessary to run down stocks on site and in the company's semi-fabricating operations.

While no output cut has been made at Anglesey, the plant has built back to only 85 per cent. of full operating capacity from the much lower level recorded last year as a result of labour disputes.

The main cause of the aluminium industry's problems is the downturn in demand from the main aluminium consuming industries, particularly vehicles, consumer durables and building.

Programme of nuclear ships 'is years away'

THE ADOPTION by Britain of a commercial nuclear ship programme still seems to be some years away in spite of the quadrupling of oil fuel prices during the past 18 months, according to a second report on nuclear ships prepared by an inter-departmental group led by the Department of Industry.

The report says that, although on economic grounds the weight of evidence now favours the commercial adoption of nuclear propulsion—particularly for container ships—major uncertainties still exist. These include future prices for bunker oil and nuclear fuel. Costs may also arise by carrying out safety requirements "not yet fully defined."

The conclusion is that "further consideration of the economic aspects must await resolution. The next stage of the study must be a more detailed examination in conjunction with industry."

The report points out that a nuclear ship programme would involve a minimum total expenditure of about £50m. "At this stage, however, it would be prudent to assume a figure in the range of £50m. to £100m."

While the first report in 1971 recommended that no government assistance should be available for a nuclear merchant ship, the latest report makes no recommendations.

Safety and operational aspects of nuclear merchant ships indicate that the problems are complex but not insoluble, the report adds. But a major obstacle would be the acceptance of nuclear ships in the ports and territorial waters of other countries.

"The U.K. is capable of constructing marine nuclear reactors and there would appear to be no insurmountable difficulties in building nuclear ships, although no U.K. shipbuilder at present has the full capabilities required."

Collaboration with a country which has had experience of operating an experimental prototype could reduce the time needed to bring a nuclear ship into commercial service and also reduce costs to the U.K., it is suggested. This would include the USSR with its nuclear-powered icebreakers, the U.S. with its highly uneconomical Savannah, and Japan.

"The Second Report on the Nuclear Ship Study," SO, 95p.

STATION CLOSING

The Eastgate Railway Station, Gloucester, will be closed and services concentrated at Central Station, which is being rebuilt. The change is expected to save £49,000 a year.

FINANCIAL TIMES CONFERENCE ON TOURISM

Encourage visitors, Shore says

BY SUSAN GLASCOCK

A CALL to the tourist trade to take "new initiatives" to encourage the flow of foreign visitors to Britain was made yesterday by Mr. Peter Shore, Secretary for Trade. Most of the visitors who last year spent some £1bn. came to Britain under the auspices of their own tour operators, he said.

Mr. Shore appealed to the British companies who so far had concentrated on taking Britons abroad to bend their expertise towards promoting tourism in Britain.

"I should be heartened if they could think seriously, in partnership with other interests here, how to set about capturing some of this agency business, increasing inward traffic and supporting the Government's effort."

Mr. Shore was speaking at a conference at the Dorchester Hotel, London, on tourism—a Leading Invisible Export, organised for the British Tourist Authority and the Committee on Invisible Exports by the Financial Times, under the chairmanship of Sir Alexander Glen, chairman of the British Tourist Authority.

He said that tourism could be a vital injection to the life and prosperity of individual regions of Britain. So long as funds were limited, the greatest amount of Government assistance had to go to the development areas

There was need for vigorous selectivity. It was simply not enough to say: "Here is a venture which will sustain or promote tourism and for that reason let us allocate some Government funds." Government, no more than business, should not expect to have to inject funds indefinitely into particular activities.

The Government's present policy was dismissed as political shenanigans by Mr. David Ogilvy, of Ogilvy and Mather International. He made a blistering attack on Mr. Shore's guidelines, saying that they muddled up travel promotion with regional development.

It did not make business sense for individual companies in the travel trade to spend stockholders' money on selling Britain as a destination.

"If the Government doesn't give the BTA the money to do it, it won't be done, and our competitors are going to take the market away from us."

FINANCE BILL

In John Chown's article on the Finance Bill yesterday, the section on stock dividends should have said that the proposed legislation would NOT catch scrip issues made without an option, although it is otherwise widely drawn.

Debut for 'aerial Land-Rover'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A new British aircraft, called "the nearest thing to an aerial Land-Rover," will be given its first public demonstration at the forthcoming Paris Air Show at Le Bourget from May 30 to June 8.

Designated the LDA-01, or Land Development Aircraft (above). It is a private venture development by a small company, Lockspeiser Aircraft.

It is a single-engined aircraft, with a propeller at the tail, and has been designed for a wide range of light aircraft duties, such as crop-spraying, rescue, aerial photography, and cargo transport.

Lockspeiser Aircraft is negotiating for further development finance—the aircraft now flying is a 70 per cent. scale prototype of the full-sized production aircraft—and is also interested in discussing licence-production overseas.

The price for each aircraft would be in the region of £15,000 to £20,000. Several overseas countries have expressed interest in it, although so far no orders have been received.

Aerospace Bill due out to-day

THE GOVERNMENT'S Bill for nationalisation of the aerospace and shipbuilding industries was given its First Reading in the Commons yesterday, and will be published in full to-day.

The Bill provides for the takeover of the British Aircraft Corporation, Hawker Siddeley Aviation, Hawker Siddeley Dynamics and Scottish Aviation to form the new Aircraft Corporation of Great Britain.

It also provides for the takeover of most U.K. shipbuilders and ship-repairers to form British Shipbuilders.

It is understood that the Government still hopes to make the Bill law before the end of the Parliamentary session in July, despite the pressures on Parliamentary business.

Both the aerospace and shipbuilding industries have been anxiously awaiting publication of the Bill, especially to see details of the formula for compensation payable for the takeover of their assets.

Publication and First Reading of the Bill will signal the start of a major Parliamentary battle. The Tories are particularly determined to fight aerospace nationalisation, and a top-level team of Conservative MPs headed by Mr. Eldon Griffiths has been working out tactics.

The aim is to fight aerospace nationalisation line by line in committee over the next few months, to try to get the Bill talked out of this session if not defeated entirely.

The Tories are implacably opposed to the whole concept of nationalisation, but agree in particular with the aerospace manufacturers that the proposed takeover of the aircraft companies is not only irrelevant to the industry's problems at this time, but also a waste of time, money and energy that should be devoted to more constructive measures.

These would include determining what future projects the industry ought to embark upon, in conjunction with companies in Western Europe.

U.K. bans Pan Am 'incentive bonus commission'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BRITISH Government has told Pan American World Airways that it cannot apply its new "incentive bonus commission" plan for travel agents selling its tickets in the U.K. and must instead offer a much lower increase in commission on this business.

The original PanAm plan was to offer a 3 per cent. increase in commission to all agents who raised the level of Pan Am ticket sales beyond 90 per cent. of last year's level. In effect this would have given the agents a 10 per cent. commission instead of the generally prevailing 7 per cent. (to some places such as Western Europe it is 7½ per cent.).

The plan caused a furore in the airline industry—although it was widely welcomed by travel agents—and led to an emergency meeting of the International Air Transport Association in Nice last week.

At that meeting the airlines threw out the Pan Am plan and tried to substitute a compromise scheme of their own providing for a rise of only ½ per cent. in commissions to the new level of 7½ per cent.

Resolutions void

All the airlines except Pan Am voted for this compromise scheme. But Pan Am's objection was sufficient, under the IATA unanimity rule, to render the scheme void, and as a result from mid-night on Tuesday all the IATA resolutions governing commissions to travel agents became void.

In order to prevent any kind of "commission war" from developing, however, British Airways reported the matter to the Civil Aviation Authority, which considered the situation at an emergency meeting yesterday.

As a result the CAA announced that it had approved the IATA compromise plan of a ½ per cent. rise in commission on international ticket sales for everyone from May 1, except for travel to Europe, where the rate is already 7½ per cent.

At the same time the Department of Trade told Pan Am that the ½ per cent. rise was being made a condition of Pan Am's operating licence in the U.K. which means that if the airline tries to offer its own "incentive bonus" scheme here it faces the possibility of losing its rights to fly into and out of the U.K.

Thus the U.K. Government, largely at the request of British Airways, has acted to prevent Pan Am paying its accredited agents more money for boosting its ticket sales and has substituted a much lower increase in commissions. This is not likely to please the travel agents who, throughout the world, have been pressing for some time for bigger commissions as a means of offsetting rising costs.

Other countries are expected to follow the U.K. line, so it seems doubtful whether Pan Am will be able to get much benefit from its incentive bonus scheme.

The travel trade is likely to be furious, however, and it is certain that British Airways, the CAA and the Department of Trade will come in for a drubbing, being accused of preventing the travel agents from earning more money.

Further rises

The airlines, in turn, will take the view that any bigger increase in commissions such as that originally proposed by Pan Am would at best have meant further rises in passenger fares—since the money would have to be found somewhere—and at worst a recipe for financial disaster. Collectively, all the IATA airlines pay hundreds of millions of pounds in commissions to agents worldwide every year.

Dr. Norman Franklin to-day takes over the reins at the Nuclear Power Company. **David Fishlock** examines the tasks he now has to tackle

Four musts for the new nuclear boss

EARLIER THIS year Mr. Eric Varley, Secretary for Energy, let it be known that he was highly dissatisfied with the progress of the restructured nuclear reactor industry. He began personally to take the chair at the monthly meeting of industry leaders and it soon became clear that, in the words of a previous Financial Times article, "... missing from his top table at present is the engineer on whom he can rely not to promise the impossible, and yet be sure that he is not counselling undue caution because of an obsession with the mistakes of the immediate past."

Request

To-day, at Mr. Varley's request, Dr. Norman (Ned) Franklin becomes chairman and chief executive of the Nuclear Power Company, executive arm of the National Nuclear Corporation, the "single, strong unit" now responsible for designing and assembling nuclear reactors in Britain. It is an open secret that Sir Arnold Weinstock—whose GEC is the largest shareholder in the NNC and is expected shortly to get a management contract from the Government for the nuclear group—had made two previous attempts to persuade Dr. Franklin to take on the job.

In any event, Dr. Franklin was expected to have a seat on the Nuclear Power Company's Board. But when GEC failed to woo Mr. Alistair Frame back to nuclear energy from Rio Tinto-Zinc—and hence win the participation of two of the most impressive engineers in industry to-day—Mr. Varley asked Dr. Franklin to shoulder the task.

"It's not that the technical difficulties are worse," explains the reluctant Dr. Franklin, "but there are so many things I can do almost by instinct at British Nuclear Fuels." He has been chief executive of the fuel corporation since 1971, when it was formed as a State-owned company out of the Production Group of the U.K. Atomic Energy Authority.

Despite lack of growth in domestic nuclear fuel demand the company is planning to invest several hundred million pounds over the next decade, mostly to help meet the burgeoning world market for two very difficult technologies, uranium enrichment and spent fuel reprocessing. In contrast, no investment plans at all have yet been laid for the new reactor company.

Dr. Franklin, 51, has spent the past 20 years at the "production" end of the nuclear business; the sector created so successfully by Lord Hinton in the decade after the Second World War. A chemical engineer by training, he co-authored what has become a standard work on statistics while still in his 20s. He is a competent player of the challenging Japanese game of *Go*, as well as the salesman who has been negotiating Britain's biggest nuclear export order—for fuel reprocessing—with the Japanese.

Independence

When asked to trade the uncertainties and shattered morale of the reactor end of the nuclear business for the much more assured future of nuclear fuel, Dr. Franklin made an important stipulation. This was that he should be chairman as well as chief executive of the operating arm of the NNC. Previously Lord Aldington, chairman of NNC, was expected to fill the post. "But if you're doing things with a high technology content it is sensible for the executive subsidiary to have a technical chairman," says Dr. Franklin.

The outcome is likely to be much greater independence for the executive arm. Dr. Franklin sees himself as "some kind of filter" between the nuclear expertise of the new company and the kind of expertise—financial, commercial and legal—in which the GEC Board specialises. Part of his understanding with GEC is that the Nuclear Power Company should become self-sufficient as soon as possible in almost every respect except development funding. In short, he is looking for the kind of independence he enjoyed at British Nuclear Fuels.

Dr. Norman (Ned) Franklin, chief executive of British Nuclear Fuels since its formation in 1971 and now head of the Nuclear Power Company.

For all his history on the fuel side, Dr. Franklin is only too familiar with the reactor side of the industry. (In any case, nuclear fuel is a precision engineering component and an integral part of reactor design.) In addition to being a member of the U.K. Atomic Energy Authority, he has been a director of one of the now-defunct nuclear consortia. And he was one of the three-man team set up by Sir Arnold in 1973 to report on the problems delaying completion of the advanced gas-cooled reactors (AGRs).

His opinion of the vexatious AGR programme is that the relative success of the first British nuclear power programme (magnox) "led to a frame of mind in the U.K. that the nuclear business was easier than it has turned out to be." This also applies, he admits, to the fuel side of the industry, particularly to the reprocessing of spent fuel, where British Nuclear Fuels underestimated by a factor of around five the cost of building its first plant for reprocessing oxide fuel.

As for morale in this badly buffeted business, he finds the reactor design teams still enthusiastic about their work, though he admits that their enthusiasm "gets more fragile when you talk about the organisation and the future."

At the top of Dr. Franklin's list of priorities for the Nuclear Power Company is completion of the five AGR stations between this summer and 1978. When running at reasonable levels of availability, these stations will be worth about £200m. a year in fuel savings to the nation. Nothing his company can hope to achieve in the short-term will compare with this saving, or with the boost to the nation's reputation as a reactor builder that would flow from a high AGR performance.

Question

The second priority, almost as urgent, must be the new nuclear programme, launched by the Secretary for Energy last summer, for 4,000 MW (six 660 MW reactors) of power from the "steamer" reactor. Mr. Ron Campbell, until now general manager of the Nuclear Power Group (TNPG), is his assistant managing director responsible for the programme. One decision has already been taken: to re-christen the inelegantly named "steam-generating heavy water reactor" the pressure tube reactor (PTR).

The key question Dr. Franklin is asking is whether an economy that can afford to order only one nuclear station a year can afford to set up on its own the industrial infrastructure to the standards a successful nuclear industry demands. The answer, he believes, is in the negative, for both uranium enrichment and spent oxide fuel reprocessing. Logic dictates that the answer should also be in the negative for reactor design and construction—unless it is a very simple reactor.

Conceptually, the PTR is a simpler reactor than, say, the U.S. light water reactors. What Dr. Franklin fears is that, when his Board digs into the details demanded both by the customers and the nuclear safety inspectors, the PTR may turn out to be much more sophisticated than some of its supporters expect.

Since last summer, development contracts for the design and fabrication of major PTR components have been prepared. The idea was that these "prototype" components — calandria, steam drums, pumps, etc.—would be ordered ahead of the contract for the first PTR station for the Central *Electricity Generating Board* at Sizewell, so giving the sub-contractors a generous amount of time to work out their problems.

Of over-riding importance, believes Dr. Franklin, is that the design endorsed by his Board should be as acceptable for the sixth reactor in the new programme as for the first. For this reason, the Board will "stand back for a while" and make its own appraisal of the basic design agreed between the Risley design group and the two utilities.

The third priority of the Nuclear Power Company is advanced reactors and specifically the "fast breeder" reactor. Dr. Tom Marsham, deputy managing director of the U.K. AEA's industrial group, has been co-opted for this task. In Dr. Franklin's view, it is of outstanding importance that Britain should have access to a socially acceptable fast reactor. Unfortunately the resources of the new company will not permit an all-out effort, which makes it all the more important to get the level of effort right.

Dr. Marsham is the man who, for several years, has been urging the nuclear industry to invest in large-scale component development and testing for the fast reactors. Neither he nor anyone else on the new Board has any illusions that it will be a simple reactor. But organising an effective international *collaboration will not be easy,* either. In an area where the bulk of the funds must flow from the taxpayer, government is bound to make the final choice of partners. The most obvious, France, currently slightly ahead of Britain in fast reactor development, is already stitched into a complex tripartite agreement with West Germany and Italy in which Britain has no obvious niche.

Assaults

The fourth and final priority—but one that may yet give Dr. Franklin his roughest ride—is to try to ensure that Britain does not suffer the assaults on nuclear technology now impeding progress in the U.S. and several European nations with large nuclear programmes. Dr. Dixy Lee Ray, a senior scientific adviser to the U.S. Government, told a nuclear meeting in Copenhagen recently that the industry could no longer afford to remain silent in face of malicious attempts to spread gloom and despondency about nuclear activities.

First as the articulate "star" of a BBC Controversy programme on nuclear energy, and more recently as company spokesman responding to highly emotional charges against British Nuclear Fuels, Dr. Franklin has excelled with candid, knowledgeable and good-*humoured replies that plainly disconcerted his critics. It is a role he is perfectly willing to pursue, if necessary, also on* behalf of Britain's prospective partners in Europe.

APPOINTMENTS

Kleinwort Benson Board changes

Mr. Robert Henderson has been appointed chairman of KLEINWORT BENSON. He succeeds **Mr. Gerald Thompson** who has retired. Mr. Thompson will remain on the Board of Kleinwort Benson Lonsdale, the parent company.

Mr. Frank Hislop and **Mr. Roger Wake** have also retired from the Board of Kleinwort Benson.

★

Lord Aberdare of Duffryn has been appointed a non-executive director of ALBANY LIFE ASSURANCE COMPANY. Lord Aberdare is deputy chief whip for the Conservative party in the House of Lords.

★

Colonel Geoffrey Churton has been appointed a regional director on the north west regional Board of LLOYDS BANK.

★

Mr. Peter Alliss and **Mr. Jimmy Greaves** have been appointed to the Board of PAR INSURANCE SERVICES.

★

Mr. F. W. Trout has retired as a general manager and director of WESLEYAN AND GENERAL ASSURANCE SOCIETY. **Mr. A. G. MacG. Fraser**, consulting actuary, has joined the Board. **Mr. W. T. L. Barnard** becomes deputy general manager and actuary. **Mr. D. L. Robinson** joins the Board and becomes field manager. **Mr. E. Butler**, investment manager, has been appointed to the Board and **Mr. G. Poole** is now agency manager.

★

Mr. Raymond Cazalet has been appointed chief executive of the HENDERSON ADMINISTRATION GROUP, and chairman of the investment policy committee. **Mr. Jeremy Edwards** has joined the Board.

★

The Council of the ASSOCIATION OF CERTIFIED ACCOUNTANTS has elected **Mr. Harry Hill** as president, **Mr. Kenneth C. Peters** as deputy-president and **Mr. Leslie F. Pocock** as vice-president.

★

Mr. P. J. Baker will be dissolving his partnership with PANMURE GORDON AND CO., stockbrokers, on May 2. **Mr. P. A. Wallis** and **Mr. R. M. Fry** will be joining the partnership on May 5.

★

Mr. J. M. Cobb and **Mr. P. C. Weel** have become partners of SHEPPARDS AND CHASE, stockbrokers. **Mr. D. G. Clive**, **Mr. L. A. Mackay** and **Lord Terrington** have retired from active business, but will remain partners of the firm.

★

Mr. J. A. Clough has been elected president of COMITEXTIL, the Co-ordinating Committee of the European Textile Industries, in succession to M. Weill *of France. Mr. Clough is the* president of the British Textile Confederation and deputy chairman and deputy managing director of British Mohair Spinners.

★

Mr. C. R. Harris, secretary, **Mr. A. Macfadyen**, general manager, and **Sir Harold Maguire**, general manager, have been appointed directors of COMMERCIAL UNION ASSURANCE COMPANY.

★

Mr. G. P. Thompson, deputy chief manager investment division, BANK OF NEW SOUTH WALES, Sydney, has been appointed deputy chief manager U.K. and Europe and manager London. He succeeds **Mr. S. A. Fowler** who is returning to Australia as deputy chief manager, international division, Sydney.

★

Mr. Ian Munro has been appointed to the newly-created post of secretary-general of EURISOL-U.K. (The Association of British Manufacturers of Mineral Insulating Fibres).

★

Mr. Malcolm Parkin has been appointed group marketing director of the FIOS GROUP.

★

Mr. J. Alistair Dow, Scottish sales manager of George Ballantine and Son, has been appointed regional director, U.K., for the international division of HIRAM WALKER AND SONS.

★

Mr. Frank X Marshik has been appointed director of sales and contract management, U.K. operations for KELLOGG INTERNATIONAL CORPORATION, and **Mr. Tom Roberts** has been appointed director of engineering.

★

Mr. G. A. Y. MacLellan has been appointed to the Board of EDINBURGH FUND MANAGERS.

★

Mr. J. A. Burrows has been appointed non-marine director (U.K.) of CHANDLER HARGREAVES WHITTALL AND CO. **Mr. A. W. Baines** becomes an assistant director.

★

Mr. V. P. Brooks has retired as senior partner of KITCAT AND AITKEN, stockbrokers. He will continue with the firm as a consultant. **Mr. N. O. Taube** has been appointed senior partner.

★

Mr. S. H. Lines has retired as a director of WIGGINS TEAPE and other group companies, and from his executive appointments. *He is succeeded by* **Mr. E. J. Worlidge** as the director in charge of overseas operations.

★

Dr. Jack Gow, research and technical service director of the organics division of ICI, has been elected vice-president of ETAD (Ecological and Toxicological Association of the Dyestuffs Manufacturing Industry).

★

Mr. John Houston has been appointed group executive director of EDBRO (HOLDINGS), responsible for marketing and development.

★

Mr. Ian Bendelow has been appointed a director of CLIFFORD CONTRACTS.

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LABOUR NEWS

Post Office staff win 24% deal

A 24 PER CENT. pay increase for the coming year has been agreed for some 44,000 Post *Office staff. This is 2 per cent* less than the rise granted to civil servants earlier this month which the Post Office staff had tried to match.

Like the Civil Service deal, the Post Office agreement covers a 15-month period expiring in March next year and the total *pay increase amounts to 31 per* cent.

Half of the 24 per cent. annual rise is accounted for by the consolidation of existing threshold payments, and 12 per cent. is "new money" which the Post Office feels is fully within the social contract.

The agreement will add some £25m. to the Post Office's wage bill this year, mostly in the telecommunications section. This has already been taken into account in the tariff increases that came into force this month. Two-fifths of the increase in the wage bill is accounted for by existing threshold pay.

The agreement does not include a new threshold clause but it is understood that further demands can be lodged if civil servants receive extra rises.

Moderates and far-Left set for CPSA battles

BY JOHN WYLES, LABOUR REPORTER

A SERIES of angry clashes resulting from Trotskyist attempts to infiltrate the Civil and Public Services Association is expected to dominate the union's annual conference in Margate next week.

CPSA moderates are expected to battle with the far Left over issues ranging from the Common Market to the appointment of two left-wingers to key posts in the union. At the same time, Mr. Bill Kendall, the CPSA general secretary, will come under personal attack for his recent condemnation of Trotskyist moves to set up a separate organisation within the union.

The continuing struggle for power between the supporters of the far Left and moderates within the 216,000 member union will centre on the annual elections for the CPSA's 28-strong national executive and on resolving a protracted wrangle over the appointment of a new assistant general secretary.

In the past year left-wingers have enjoyed a three or four vote majority on the executive. *This helped secure the promotion* last August of 32-year-old Mr. Alistair Graham from CPSA secretary for post and telecommunications to assistant general secretary.

His main challenger, Mr. Roy Footman, whose appointment was unsuccessfully supported by the CPSA's senior officers, including Mr. Kendall, has appealed to the annual conference against the executive's decision which he claims was inspired by a "politically inspired block vote."

Claim

Mr. Footman, aged 50, has been a full-time official for 12 years and is section secretary for the union's membership in the Departments of Trade and Industry.

The appointment of left-winger Mr. Clive Bush to edit the CPSA monthly magazine, Red Tape, will also cause a row at the conference. One motion from a Ministry of Defence branch claims he is "unsuitable" for the job and dissociates itself *from "any utterance verbal or* written in the Socialist Worker subscribed to Mr. Bush."

The attack on Mr. Kendall comes in a motion from a Department of Health branch in South West London. Other motions call for action against the circulation of "libellous and anonymous *unofficial literature" and the* setting up of an independent body "to investigate the danger to the CPSA of extreme elements that are trying to take over control."

On the Common Market, the CPSA executive will oppose motions calling for an end to *British membership and will* urge maintenance of the union's current neutral policy of leaving the decision to the referendum vote.

The recent civil service pay deal, giving average rises of 32 per cent., is likely to take the heat out of the pay debates next week. At the same time, the 1,147 delegates are expected to endorse the CPSA's continuing opposition to the social contract which was formally registered at last year's annual TUC Congress.

Ford stewards seek mandate over 'occupation' claim

BY LORELIES OLSLAGER

SHOP STEWARDS at Ford's *Dagenham plant will to-day seek* a renewed mandate for what they claim is an "occupation" of part of the body plant and despite the fact that so far nothing more is happening than a blockade of the main factory gates by pickets from within.

At best some 30 or 40 of the *1,000 men involved in the dispute* were inside the plant yesterday at any one time, picketing the padlocked or barricaded gates.

The "occupation" is the latest stage of a dispute that started last week over the management's decision to reduce the number of door hangers employed in the body plant, and to put the people removed from the job into a "labour pool" awaiting re-deployment. Some 80 door hangers and fender fitters went on strike and about 5,000 workers have now been laid off. All car production at Dagenham has come to a halt, costing Ford £1.5m. a day in lost output.

The stewards are upset at management attempts to have men from the "pool" on the door hangers job when these workers first stopped work to protest at the cut in their numbers.

The pickets are effectively stopping all lorry traffic into and out of the plant, and according to convenor Mr. Dan Connor are thus achieving the main goal of the "occupation"—to inflict an economic penalty on the company.

The body plant produces spare parts for other Ford factories and Ford management acknowledges that a drawn-out conflict could affect production at other plants as well as at the stamping section of the Dagenham body *plant, where more than 1,000* men are working normally.

Mr. Connor claims that more people are ready to come to the plant to help the "occupation" at short notice.

At times, no pickets were in sight near the five main gates, some of which have been barri*caded haphazardly with whatever* material was nearby.

Pedestrians, including thousands going to work in other sections at Dagenham, were not stopped at all. Food was also allowed in, although the pickets insisted that it was unloaded outside the gates and taken in by hand.

The meeting to-day has been arranged to allow the maximum number of people to attend because they will be at the plant to collect their pay packets. It will not be asked to escalate the conflict, Mr. Connor said. But he added that "the philosophy of the conflict may change" if a meeting between management and union officials later to-day brings no result.

Although there were isolated calls for an occupation of the factory from some far-Left groups from the start, the idea did not really get off the ground until a "sit-in" was staged by some 2,000 Ford workers in Swansea last week.

BL output cuts likely to spread

By Peter Cartwright

PRODUCTION CUTS introduced *yesterday at British Leyland's* Austin Morris division are *expected to spread elsewhere in* the motor industry, after peace talks in London failed to settle a pay strike at Dunlop Engineering in Coventry which has already made 4,600 workers idle.

Dunlop makes all rubber sus*pension units for the Austin* Morris range—lack of which has now stopped output of Minis and Allegros at Birmingham, and Maxis at Oxford—and also about two out of every three car wheels for the industry.

After the failure of talks with union officers, the Dunlop *management is preparing for an* extended stoppage.

The strike, by 700—mainly women—staff, is for an extra £10 a week. An offer of £6.50 for men and £5.25 for women has been rejected. As a result, all Dunlop's five manufacturing divisions at Coventry are at a standstill and more than 3,000 idle.

Austin Morris, which already had laid off 2,700 on Mini production, including 900 at the Castle Bromwich (Birmingham) body plant, yesterday added 1,100 from the Allegro line, and sent home another 800 from the Maxi track at Oxford, bringing total lay-offs to 4,600.

Rising trend of stoppages continued in March

BY OUR LABOUR REPORTER

THE UPWARD trend in the number of stoppages this year continued in March, with a total of 200 new disputes involving 50,800 workers.

According to figures published to-day in the Department of Employment's monthly Gazette, stoppages in March brought the total number of working days lost this year to 1.4m. This compares with last year's figures for the corresponding period of 6.5m.—a total greatly inflated by the miners' strike.

The number of strikes in March brought the total this year to 619, compared with 471 in the first three months of 1974. The increase was spread across a range of industries, including food, drink and tobacco, chemicals, engineering and shipbuilding.

Prominent disputes in March included the London dockers' strike and the Glasgow Corporation dustcart drivers' stoppage, which continued from February.

The Gazette also shows that 5.85m. workers have been paid basic wage increases totalling £19.6m. this year, compared with 3.4m. workers sharing £9.2m. in the first three months of last year. These figures reflect the general upward trend in wage rises but do not give an accurate picture of money actually paid in total earnings.

Also published in the Gazette is an article assessing the employment prospects this year for new graduates. According to the DE's Unit for Manpower Studies, employers are less optimistic about the recruitment prospects for the 44,200 who will be looking for jobs.

Appeals Tribunal—'a conjuror's illusion'

THE GOVERNMENT is planning "a conjuror's illusion" to bring back the National Industrial Relations Court under a new name, alleges Sir John Donaldson, former president of the NIRC.

The new court, to be set up *under the Employment Protec*tion Bill, is to be called the Employment Appeals Tribunal.

But, says Sir John, for all practical purposes it will be identical to the NIRC.

"Only the name is changed. Naturally I welcome the return to what is the most important experiment in judicial administration of this century.

"But treating the court as a conjurer's illusion—now it's here, now it isn't—does no service to the rule of law."

Sir John's comments came in a week end speech to lawyers reproduced in the Law Society's *Guardian Gazette.*

He expressed concern at the "social crisis" which included a loss of faith in the rule of law, and bit out at the "bogus democrats" and "respectable" law breakers who had played their part in creating the present situation.

IN BRIEF

National strike call

Proposals to step up industrial action over pay by 5,000 local authority electricians into a national strike will be discussed to-morrow at a meeting of shop stewards called by the national executive of the Electrical and Plumbing Trades Union.

Scaffolders fail

An arbitration panel which investigated the six-month Eldon Square building dispute in Newcastle has found against the striking scaffolders. It says the contractors, Sir Robert McAlpine, were correct in dismissing 14 men for taking half a day off in November.

Teachers' claim up

Union leaders representing 460,000 teachers in England and Wales yesterday agreed to step up their pay claim from 20 per cent. to a total of 26 per cent. because the Civil Service has recently been granted a similar award.

Ambulance ban

A ban on emergency standby duties imposed by ambulance men in North Lincolnshire over a national pay claim yesterday spread throughout the county. Some towns were left with no emergency cover, and police vehicles had to be used on three occasions to take accident victims to hospital.

Low pay complaint

A call for a programme of action against low pay has been sent to the Royal Commission on the Distribution of Income and Wealth by the Low Pay Unit. The Unit says that the interests of the poor will not be served if the Commission is content just to collect information on the spread of income and wealth.

COMPANY NOTICES

E.N.E.L.

7.25% 1971/1986 Loan of £60,000,000

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NOTICE TO 6% SECOND CUMULATIVE PREFERENCE SHAREHOLDERS—DIVIDEND NO. 73

NOTICE IS HEREBY GIVEN that the half-yearly dividend of 3% has this day been declared payable on the 30th May, 1975, in the currency of the Republic of South Africa, to all holders of 6% Second Cumulative Preference Shares registered in the books of the Company at the close of business on the 16th May, 1975.

The usual non-resident shareholders' tax of 15% will be deducted where applicable.

The REGISTER of Members will be CLOSED in Johannesburg and London from 17th to 25th May, 1975, both days inclusive, for the purpose of the above dividend.

By Order of the Board,
J. B. PARNALL,
Secretary.

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London Registrars
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29th April, 1975.

IVORY & SIME LIMITED

With effect from 1st May, 1975, Ivory & Sime are incorporating their business under the name of Ivory & Sime, Limited.

Mr. J. G. S. Gammel will be Chairman of the Company and the remaining Partners will be Directors.

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To obtain payment of the redemption price and accrued interest on the redemption date Debenture holders should present their Debentures, together with all unmatured coupons, at any time up to the redemption date at any of the undermentioned offices.

The attention of Debenture holders is invited to the fact that in accordance with the terms of Condition 5 (C) of the First Schedule to the said Trust Deed Debenture holders have the right to convert the Debentures into Ordinary Shares at any time up to and including 3 p.m. (London Time) on 30th May, 1975. Those wishing to exercise their Conversion Right should complete the Request for Conversion on the Debentures. The present Conversion Price is Yen 99.80 for each Ordinary *Share of Yen 50.*

Dated 1st May, 1975.

For KOMATSU LTD, Shiro Sakuma,
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NOTICE IS HEREBY GIVEN that the Ordinary Share Register of the Company will be closed from 19th May to 23rd *May inclusive.*

Alford House,
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By Order of the Board,
J. D. Tinker,
Secretary.

ANNOUNCEMENTS

The partners of Flatau Dick & Co. announce the dissolution of the partnership on 30th April 1975. Mr. J. C. Walton, Mr. G. H. W. Flatau, Mr. S. C. Rasmusen and Mr. P. A. Robinson will also be resigning their directorships of the associated companies.

A new company will be formed on 1st May 1975 under the name Flatau Dick & Company Limited the directors of which will be Mr. E. L. Messenger, Mr. J. D. Walton, Mr. D. W. Hatfield, Mr. E. E. Long, *Mr. R. F. Murphy and Mr. B. C. B.* Hatfield.

Flatau Dick (Plywood & Board) Limited, Flatau Dick Overseas Limited, Flatau Dick (Technical) Limited and Sieveking Podmore Limited will continue to trade as formerly.
April 1975.

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PUBLIC NOTICES

BARNSLEY METROPOLITAN BOROUGH COUNCIL BILLS

£1,250,000 Bills issued 30.4.75 maturing 30.7.75 at 9¼%. Applications totalled £3,750,000 and there are £1,250,000 Bills outstanding.

BOROUGH OF WATFORD

£650,000 Bills maturing on 29th July 1975 were offered and issued on 29th April 1975 at an average rate of 9¼% p.a.

Total applications for this issue amounted to £6,500,000 and these are the only bills in issue.

LOCAL AUTHORITY BILLS

Totalling £200,000 were issued by Cannock Chase District Council on 30th April 1975 maturing 29th October 1975 at 9 11/16% per annum. Total applications were £1.2m. and they have £200,000 bills outstanding.

Totalling £3m. were issued by Hampshire County Council on 30th April 1975 maturing 30th July 1975 at an average of 9.5177% per annum. Total applications were £11m. and they have £17.25m. bills outstanding.

WELWYN HATFIELD DISTRICT COUNCIL BILLS

£500,000 Bills were issued on 30th April, 1975 to mature on 30th July 1975 at 9¼ per cent.

Applications totalled £4,500,000 and there are £500,000 Bills outstanding.

PARLIAMENT

Oil passions roused

BY PHILIP RAWSTORNE

IF ONLY THE North Sea oil flowed as easily and extravagantly as the political argument about it!

The issue again roused hostilities in the Commons yesterday as Mr. Eric Varley, Secretary for Energy, brought in the Petroleum and Submarine Pipelines Bill for its second reading.

"A practical, patriotic and socialist measure," he called it, provoking the Conservatives to anger.

It would give the British people rights over their own oil, he said—and as a bonus to Scotland, he announced that the British National Oil Corporation would be established in Glasgow.

The Conservatives had brought "anarchy" to the North Sea, Mr. Varley declared amid protests.

Now the Bill would provide greater public control, participation and benefit through a partnership with the oil companies.

The Government sought a reasonable reconciliation of interests, said Mr. Varley. And it would help the licensees to raise the very heavy costs of development. "Some of the companies would be out of their depth in a children's paddling pool," he added.

Shocking, astonishing, breathtaking . . . responded Mr. Patrick Jenkin the Tory spokesman, gasping for words that adequately described his outraged feelings.

Far from resolving chaos, this "irrelevant" legislation would create it, he claimed. "Majority State participation is no more than the ugly and unacceptable face of Socialism," he declared. It was not needed either to ensure control over investment and production or a proper return to the Exchequer.

The BNOC was "a mish mash of vague objectives, sweeping powers and stultifying constraints . . . a pampered eunuch."

The Bill's provisions were "punitive, arbitrary and dictatorial," he continued without a pause. "A millstone . . a total disaster."

The sound and the fury went on and on . . . and so did the Bill, by 286 votes to 258—a Government majority of 28.

Guillotine postponed as CBI protests

By John Bourne, Lobby Editor

THE GOVERNMENT has suddenly changed its plan to announce to-day a guillotine motion on its controversial Industry Bill which has not yet reached the half-way stage in committee.

Ministers now intend, following an outcry by Conservative MPs on the committee, to postpone the motion until Monday, May 12.

But this may not be disclosed to the Commons until the last possible moment.

Last night, a leading Conservative member of the committee claimed that the leakage of the Government's original intention had temporarily scared Ministers off making an announcement.

Kenneth Gooding, Industrial Correspondent writes: The Confederation of British Industry last night declared its "serious concern" that moves might be made to cut short Parliamentary debate on the Bill.

The CBI has asked for discussions with the Prime Minister at the week-end before a decision is finally taken.

In a letter last night to Mr. Edward Short, Leader of the House, Sir John Partridge, vice president of the CBI, said that in discussions with the Prime Minister and members of the Cabinet, the CBI had stated its anxieties about a number of the Bill's provisions.

"Some of the clauses concerned have been discussed in committee, but a number still await discussion. In particular the clauses on disclosure of information which are of major importance to industry," he says.

MP bids to stop wills publicity

THE PUBLICATION of Wills Bill, which would prevent newspapers from publishing details of wills, was introduced by Sir Anthony Meyer (C., West Flint) and given a formal first reading in the Commons yesterday.

Sir Anthony said that "very real distress" was caused to relatives by the publication of dead people's estates.

If the estate was a large amount of money, it encouraged fortune seekers. On the other hand, if the deceased had played a prominent part in the community, and it was found that he had less money than was imagined, his widow would be "subject to patronising pity."

He saw no reason why people should have the right to know the value of a person's estate, any more than they had the right to know the size of their bank balance or tax returns.

Sir Anthony suggested that for the benefit of anybody who had a claim to an estate, or any other valid reason for wanting to know how much it amounted to, it might be possible for newspaper announcements, while not mentioning a figure, to state where the will could be inspected.

Fierce clash over Bill's powers

THE PETROLEUM and Submarine Pipelines Bill was one of the most important ever brought before Parliament, Mr. Eric Varley, Energy Secretary, told the Commons yesterday.

Introducing the second reading of the Bill which he described as historic, the Minister said it placed in the hands of the British people control of a basic resource whose use and deployment was not yet answerable to the British people and Parliament.

Mr. Varley said the purpose of the Bill was "to ensure that the British people will exercise their due rights over their oil in a proper and mutually acceptable relationship with the oil companies."

The Bill would help to fulfil Labour's manifesto pledge to take majority participation in all future oil licences and to negotiate to achieve majority State participation in existing licences.

It would also set up a British National Oil Corporation and take new powers to control the pace of depletion, pipelines, exploration and development.

"This Bill, together with the petroleum revenue tax and ring fence, completes our proposals for offshore oil. All concerned, with our own Parliament, together with the oil companies, can now go ahead in full knowledge of the Government's plans and intentions."

The Government's policy did not consist only of participation. When the BNOC was fully established, it would be able to hold licences as sole licensee.

From commercial fields on such licences, all proceeds would come to the nation. The establishment of complete capability under national control would reduce our dependence on the oil companies.

The Government wanted to continue to attract their expertise and work in partnership but no other nation outside the U.S. had thought it wise to be completely dependent on the oil companies.

Participation could provide the framework in which the State could help the licensees to raise the very heavy costs of development. Resources were required on such a massive scale that it was difficult for the private sector alone to provide them.

The Bill provided for participation by setting up the BNOC, but it did not, of itself, bring about participation for future licences. This would be laid down in the conditions under which the licences were awarded. For existing licences it would be achieved through free and voluntary negotiation.

A number of major oil companies had shown readiness to discuss the Government's participation proposals.

Mr. Varley said that the BNOC would not be the means by which the Government exercise control over the private licensees. It would be the Government that continued to issue licences and to administer all the licence controls.

BNOC would hold licences issued by the Secretary of State and would be subject to the same licence controls as a private sector licensee.

Mr. Varley said that the BNOC would have power to go into oil refining and distribution with Ministerial consent, but it would take time to acquire the necessary resources and expertise and a clear priority would be given to oil production.

When the Corporation did extend into refining and distribution, it would do so on a commercial basis and would not compete unfairly with private companies.

Assuming a 51 per cent. participation in all fields, the gross revenue of the BNOC by 1980 could be between £2bn. and £3bn.

The Bill was designed to achieve greater public control of the North Sea oil industry. Existing controls were "hopelessly inadequate" and the Bill would close the gaps which he was astounded had not been closed before.

"On the one hand, we have sought to put right the results of the unregulated scramble for our resources the previous Government allowed.

"On the other hand, we have sought continued investment here on the kind of terms which recognise the interests of the British people in their own oil."

Mr. Varley said the headquarters of the BNOC would be in Glasgow. If the Bill received a second reading, he hoped in due course to nominate an organising committee, including a chairman and chief executive.

'Unacceptable face of Socialism'

OPPOSITION energy spokesman, Mr. Patrick Jenkin accused the Government of throwing the industry into chaos first by the Oil Taxation Bill and then by the present Bill. The Bill had absolutely nothing to do with ensuring a proper return to the Exchequer and control over investment and production.

Mr. Jenkin criticised the argument that participation was necessary for control over production and depletion of oil. The controls in the Bill existed entirely independently of the BNOC and were administered by the Secretary of State.

"The real reason for participation is that the Government has a political commitment. Majority State participation is no more than the ugly and unacceptable face of Socialism."

Two possible means of participation were for the Government to assume the role of an investment bank, or to have a new nationalised State oil company.

The problem with the BNOC was that it tried to be both. The result was a hopelessly confused mish-mash of vague objectives, sweeping powers and stultifying Ministerial constraints.

Mr. Jenkin said that one of the most "shocking and astonishing" clauses ever to find its way into a Bill was the one which gave the Secretary of State power to direct the BNOC to prepare its accounts in such a way as to hide whether it was making a profit or a loss.

"That is breathtaking, particularly in the context of the Industry Bill imposing rules of disclosure on the private sector."

The result was that the Secretary of State would have the power to hand over all of the huge resources of the national oil account to the BNOC and conceal the whole thing from the gaze of the public and Parliament.

Mr. Jenkin added: "It is all totally unnecessary. There is no advantage to be gained for the British people by the existence of this Corporation that cannot be perfectly well gained by taxation and regulatory controls."

It was a form of compulsory expropriation by the State just as much as any form of outright nationalisation.

Compared with similar legislation in Canada and the United States, the provisions of the Bill were punitive, arbitrary and dictatorial.

VIETNAM—AND ITS EFFECT ON THE FREE WORLD

Mid-East may be next, Home says

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

RECOGNITION by Britain of the Provisional Revolutionary Government in South Vietnam can be expected without delay.

This was implicit in a statement by Mr. David Ennals, Minister of State, Foreign Office, when he told the Commons yesterday that it was the Government's intention to reopen the British embassy in Saigon as quickly as possible.

Fears that the sequel to Vietnam could be Communist take-overs in still other regions of the free world were raised in both Houses of Parliament.

In the Lords, Lord Home said that the Middle East must now be regarded as in jeopardy of further advance by Communism. "Is this to be Vietnam all over again?" he asked, stressing his belief that the Russians were tempted to foment strife wherever they found an opening.

Every piece that was "nibbled" from the free world weakened the whole. There could not be a Communist take-over on the scale witnessed in recent days in South-East Asia without serious repercussion on the global balance of power.

Thailand, Malaysia and Singapore could not be confident of their future security, said Lord Home. There was already penetration by the North Vietnamese into the north of Thailand.

And as a consequence of the recent "cold-blooded, cynical exercise of power politics by the Communists, Indonesia, Australia and New Zealand would be compelled to look anew at the safety of their communications.

He did not believe there would be a direct attack by the Warsaw Pact on the NATO alliance. It suited the Russians at present to maintain the status quo in Europe because there were other opportunities for them elsewhere.

With all the weight of his long experience of international politics, Lord Home urged the Government to realise that the U.K. had reached rock bottom in defence economies. Britain and her NATO allies were only just within the margin of safety.

At the same time, he also believed that if the Soviet Union were ready to change over from icy co-existence to co-operation we should not miss that day.

Lord Goronwy-Roberts, Under-Secretary, Foreign Office, assured the Lords of the Government's awareness that the military strength of NATO must be adequate to form a credible deterrent against aggression.

But while the Soviet leadership remained committed to detente, the West must work to ensure the greatest possible lessening of tension. He added: "The Government will continue to work for this bilaterally, regionally and through the UN and its agencies."

Liberal spokesman, Lord Gladwyn said he did not agree that the Soviet Union would necessarily repudiate any treaty obligations it entered into about peace, particularly in the Middle East.

Lord Gordon-Walker claimed that there were attempts at subversion in this country which, if they succeeded, would be a danger to democracy. But, in the first place, they were a threat to the Labour movement and it would always be only the Labour movement that could effectively hold this danger in check.

In the Commons, Tory foreign affairs spokesman, Mr. Eldon Griffiths, declared that no defeat for America could possibly be regarded as a victory for peace and freedom.

This sentiment drew protests from Labour Left-wingers who made clear their beliefs that the downfall of Saigon marked the end of an out-dated and proven failure of U.S. policy in Vietnam.

But Mr. Ennals, from the Government front bench, said he was not going to try to apportion blame for all that had happened. "Our most important international obligation is to refrain from any action at variance with the Paris Agreement between the parties to the Vietnam conference."

He pointed out that President Ford had emphasised in the past few days that no potential adversary should believe there was any slackening of American will, and that America's destiny was never more closely linked with Western Europe.

On the matter of recognition of the Provisional Revolutionary Government, he said: "Certainly the judgments we shall apply—probably very quickly—on the question of a successor Government will be carried out on traditional criteria."

Tanzanian payments

RECENT SIGNS of progress on "some aspects" of the problem of blocked moneys due to U.K. citizens from the Tanzanian Government and of compensation for nationalised British assets were welcomed by Miss Joan Lester, Foreign Office Under-Secretary, in the Commons yesterday. She said some compensation payments, totalling about £400,000, had been made over the past year.

THE EEC REFERENDUM

Referendum pamphlets carefully phrased

BY JOHN BOURNE, LOBBY EDITOR

THE THREE referendum documents printed by the Government which will be distributed to all householders and the Armed Forces towards the end of May, have been carefully calculated to avoid the charge that the Government is taking sides in the referendum.

Britain's new deal in Europe, the popular version of the Government White Paper on the EEC re-negotiated terms, is the only one which might be criticised by the "antis" for having red, white and blue as its colour scheme.

The front pages of the 1,500-word statements arguing why the population should vote either "no" or "yes" are identical, except that the one written by the Britain in Europe Movement has brown lettering on a bright yellow background, while the statement by the "anti" National Referendum Campaign has bright yellow lettering on a brown background.

In an introduction by the Prime Minister to the Government's publication, Mr. Wil... writes: "We confidently ... that the better terms we ... negotiated can give Britain ... New Deal in Europe.

"A Deal that will help ... help the Commonwealth, ... help our partners in Europe.

"That is why we are ask... you to vote in favour of rema... ing in the Community ... urge all of you to use your vo... For it is your vote that will ... decide. The Government ... accept your verdict."

The case for • Real benefits

The Britain in Europe statement which, like that of the anti-Marketeers' umbrella organisation, runs to 1,500 words, argues that after years of striving to get into the EEC, should Britain go through the agony of pulling out?

"This tearing apart would be a major upheaval. The main brunt of it would fall on Britain, but it would also damage the whole of the West at a dangerous time in a dangerous world.

"Our case is not just a negative one—stay where we are for fear of worse. It is based on the real advantages for Britain and our friends of our staying in.

Dependent

"Being in does not in itself solve our problems . . . only our own efforts will do that. But it offers the best framework for success, the best protection for our standard of living, the best foundations for greater prosperity.

"All the original six members have found that. They have done well—much better than we have —over the past 16 years."

Arguing that Britain's Commonwealth, U.S. and EEC friends want us to stay in, the document says that if we left we would not go back to the world of 1971, which has been changing fast.

"The changes had made things more difficult and more dangerous for Britain, and it was a time when we needed friends.

"Outside we should be alone in a harsh, cold world, with none of our friends offering to revive old partnerships. Why can't Britain go it alone? Britain in Europe argues that we are now even more dependent on what happens in the outside world.

"Our trade, jobs, food and defence could not be wholly within our own control. That is why so much of the argument about sovereignty is false.

"The real test is how we can protect our own interests and exercise British influence in the world. The best way is to work with our friends and neighbours.

"If we came out, the Community would go on taking decisions which affect us vitally—but we should have no say in them. We would be clinging to the shadow of British sovereignty while its substance flies out of the window."

The document stresses that EEC decisions of any impo... must be agreed by every ...ber.

On employment, it says ... staying in would protect Bri... jobs. If we came out, ... industry would be based on ... smallest home market of ... major exporting country.

It would be doubtful if ... could then negotiate a free t... agreement with the Commu... and even if we could, this w... have damaging limitations ... we would have to accept n... Community rules without ha... any say in them.

Access

"We could lose free a... not only to the Community ... to the 60 or more other coun... with which the Community ... trade agreements. The imme... effect on trade, industrial ...fidence, investment prospects ... hence on jobs, could wel... disastrous."

Finally the document ar... that membership would ... Britain secure food at ... prices.

Case against • Talks 'failed'

The antis' statement argues that the present Government had on its own admission failed to achieve the fundamental re-negotiation it had promised.

Also, before Britain joined the EEC, the Government forecast we should enjoy a rapid rise in living standards, higher investment, a trade surplus with the EEC, better productivity, more employment and faster growth.

"In every case, the opposite is happening, according to the Government's figures. Can we rely on the pro-Marketeers' prophecies this time?

"The fundamental question it says, is whether or not Britain remains free to rule itself in its own way. Membership of the EEC sets out by stages to merge Britain with France, Germany, Italy and other countries into a single nation. This would take away from us the centuries-old right to "rule ourselves."

The Common Market, says the document, increasingly does this by making our laws and deciding our policies on food, prices, trade and employment.

As this system tightened—and it would—our right to change policies and laws in Britain would steadily dwindle. Common Market laws could only be changed if all the other members of the EEC agreed.

"Those who want Britain in the Common Market are defeatists; they see no independent future for our country."

The anti-document argues that continued membership must mean still higher food prices. Before joining, Britain could buy food at the lowest cost, but inside the Common Market taxes were imposed on the food imported from outside countries.

"For instance, we now have to pay a tax of over £300 a ton on butter imported from outside the Market and over £250 a ton on cheese."

The document argues that our food was still cheaper than in the rest of the Common Market, but if we stayed in we would be forced to bring our price levels up to those of the EEC. The price of butter would have to be almost double by 1978.

If we left the Market we would avoid not only the costly system of food "mountains" stored in warehouses, but we could buy beef, veal, mutton, lamb and other foods more cheaply. World food prices outside the Market were now falling.

On employment, the document says that staying in would put peoples' jobs at risk. Our Government could no longer prevent the drift of industry towards the centre of the Market.

If this went on, it would be particularly damaging to Scotland, Wales, N. Ireland and much of the North and West of England.

The Market authorities had far-reaching powers of interference in the control of Br... industry, particularly iron ... steel, and interference with oil around our shores ... already been threatened by ... Brussels Commission."

"The document says that ... trade deficit with the EEC running in the early month... this year at nearly £2.5bn. ... compared with a very s... deficit in 1970.

Yet before entry, the Marketeers had said that ... effect upon our balance ... trade would be positive and substantial."

The document also says Britain's contribution to Brussels budget was more t... Britain could afford; that Commonwealth links were bo... to be weakened if we stayed ... the EEC; and the real aim of ... Market was to become one s... country in which Britain w... be reduced "to a mere provi...

On alternatives to staying ... the document argues that ... could remain members of ... widen Free Trade Area ... existing between the Com... Market and the countries ... EFTA.

Big advantages for Dane...

BY HILARY BARNES

COPENHAGEN, April 3...

DENMARK HAS obtained considerable advantages from EEC membership, according to Mr. Ivar Noergaard, Market Minister in Denmark's Social Democratic Government.

He gave his views to-day in a long, signed article in a Copenhagen newspaper refuting the assertion by British anti-Marketeers that EEC membership has been to Denmark's disadvantage.

In an attempt to demolish the myth that Denmark has done less well than Sweden and Norway since joining the EEC, Mr. Noergaard claimed that Denmark's GNP growth rate both before and after membership had been higher than Sweden's although not as fast as Norway's.

Denmark's export performance in 1974 was better than Sweden's and Norway's, with industrial exports rising 10 per cent. by volume compared with 5 to 6 per cent. in Sweden's case and almost no growth in the case of Norway.

Danish prices rose faster than in the other two countries, but this was largely because prices in Norway and Sweden were held down artificially by food subsidies.

Unemployment was much higher in Denmark, but "this has nothing to do with the EEC." It was the result of the oil crisis. "Without the support which Denmark has as a result of EEC membership, the effects of the oil crisis would have been even worse."

The raw materials price boom benefited Norway and Sweden last year, while it was very much to Denmark's disadvantage as Denmark had to pay for the imports of these same raw materials.

Denmark's agricultural export income was Kr.3bn. higher now per year than before joining the EEC, and industrial exports to the EEC area rose by 28 per cent. in 1973 and 23 per cent. in 1...

Although this was below ... total rate of growth for indus... exports the performance was ... remarkable in view of the w...ness of the British and It... markets.

SE Council backs staying in

By David Bell

THE STOCK EXCHANGE Co... yesterday came out firml... favour of Britain remainin... member of the Common Ma...

"Withdrawal would dan... both the opportunity of ra... capital by U.K. industry ... investors within the enla... Community and the prospect... expansion of internati... business which would follow ... the adoption of comm... standards," the council said.

Better out—TUC

BY JOHN ELLIOTT, LABOUR EDITOR

ABOUT 300,000 copies of a special TUC broadsheet with the theme "Better out than in" are being circulated to trade unions in the latest stage of the TUC's campaign for a "No" vote in the referendum.

The organisation Trade Unions against the Common Market is to issue to-morrow a pamphlet written by Mr. Alan Sapper, general secretary of the Television Technicians, and Mr. Colin Sweet, an economist.

This organisation was formed in 1971 and has issued two earlier pamphlets. It intends in its new publication to bring out the political as well as the economic objections to the EEC, coupled with a warning that a possible constitutional crisis after the referendum might involve pro-Market members of the Labour Government as well as the Conservative Opposition.

The TUC broadsheet forms a four-page special edition of the TUC's newspaper Labour and is being sold to unions at £11 for 1,000 copies. Its argument hinges on the theme that "for four good reasons Britain's trade unionists should vote 'No' to the Common Market."

The reasons, it says, are: "The scales are weighted against us; the price is too high for our food; they lay down the law for us; it's now an away game for British industry."

Meanwhile, the Amalgamated Union of Engineering Workers' detailed campaign plans against the market have been approved by executive members of the union's engineering section now holding its annual conference in Blackpool.

They hinge on 250,000 copies of a specially prepared AUEW broadsheet explaining the union's policy against membership.

Vote canno... bind, says Thatcher

By David Curry

LUXEMBOURG, April 3...

A CHARACTERISTICAL... brisk, cool and sharp ... Margaret Thatcher to-day b... through her first Europea... nuisance trip since bec... Conservative Party leader ... concentrated day and ... talks in Luxembourg ... members of the Commi... of the Parliament.

At the end of her ... Thatcher repeated her ... that the referendum was a... advisory affair as far ... Conservative Party ... concerned. Conservative MPs ... not be fettered by the ... and how they vo... —in the event of a No vo... it—was "a matter for each of the ...

The prospect for the U.K. ... side the EEC was not appetising, she said.

The Marketing Scene

NEW PRODUCTS

Business as usual

BY PETER KRAUSHAR, KRAUSHAR ANDREWS and EASSIE

THERE has been a great deal of talk (as always) about trends in new products. Some say that companies are doing much less in this area, others that they are doing as much as before or even more: really no one knows. To bring a little light to the situation we have carried out a modest survey on the same lines as one last year. A postal questionnaire was sent to 120 companies, mostly in packaged goods, and completed responses so far total 90. The results are fascinating.

CURRENT SIZE OF NPD PROGRAMME COMPARED WITH AVERAGE FOR LAST 3 YEARS			Planning More or Less Launches in 1975/76		
Large	Same	Smaller	More	Same	Less
36	33	21	39	28	22

Despite the economic problems over three quarters of the companies said that their development programme was either the same as before or bigger. Many are conducting more research to cut down on the risks, but half are doing the same amount of research as before.

HAS TYPE OF YOUR NEW PRODUCTS CHANGED?		WHEN POSITIVE CASH FLOW REQUIRED					
Yes	No	Year	1	2	3	4	5
44	45		23	30	26	2	5

Almost a half claimed that they will launch more new products in 1975/6 than in the last three years; some may be the result of work in the pipeline from rosier days, but even so the intention to launch more new products indicates a will to invest which would surprise the economic Jeremiahs. One possible reason lies in the price restrictions on current products—a quarter felt that these encourage new product development.

To obtain greater insight further questions were asked about the type of products being developed and about financial criteria.

About a half claimed that the type of new product they were working on had changed. As would be expected they generally mentioned that they had switched to economy, or low unit price products, low capital investment projects, or to areas nearer their current markets. Nearly everyone agreed that investment criteria had become tougher in the last year and this was reflected in the strikingly tough cash flow requirements. At last marketing men are becoming businessmen!

Nearly everyone had to show positive cash flow by year three and many in year one and two: this obviously includes capital investment. I hope that more companies have become realistic in rejecting large year one advertising expenditures which are justified on paper, but not in practice, by rewards in some mythical year five, or six or . . .

Finally companies were asked to name the biggest problems in launching new products currently. Not surprisingly the economic climate received most reactions (68) followed by lack of finance (53), but the third biggest factor is an operational one which bugs so many companies—sales force capacity—which received 40 mentions.

As an example of developing new products not too far away from current expertise, Tate and Lyle is launching Lyle's Golden Spread, a new sweet spread in 1 lb jars, priced slightly below the leading branded jams. The product is being test marketed in Tyne Tees and will be supported by heavy TV advertising. It could represent an important entry into the £75m. sweet spread market.

● GLYNWED, the Midlands industrial group, is repeating its corporate TV advertising campaign which was innovated last year after the distribution of the company's Annual Report. Its aim is dual-purpose—to identify the company as the manufacturer of well-known consumer durables and to thank employees for helping the company through a difficult year. The campaign breaks tomorrow, and was devised by Charles Barker City.

● THE SUNDAY MIRROR is launching a No-Nonsense Wine Club next Sunday, with an opening offer of a mixed case of wines for £11.95. David Frost is collaborating with the paper and has formed a company called Paradine Wine, which is supplying the club. The launch will be backed by television and radio spots featuring Frost.

Maby strikes again

BY ANTONY THORNCROFT

David Maby and friends on the right lines

WHEN cows appeared in the fields alongside the Brighton line this week wearing special coats that carry advertisements for Vladivar Vodka and the Brighton Festival it could only mean one thing—David Maby is experimenting with a new advertising medium. Maby is the managing director of Special Publicity Projects, the Lion International subsidiary which has built up a turnover of over £1m. from bringing together advertisers and audiences in unexpected places.

Maby has worked with animals before—he introduced sponsorship to sheep dog trials and had sheep carrying advertisements for Highland Silk whisky. But his greatest coups have been in the human kingdom—he persuaded Muhammed Ali to box with the Williams Furniture name on his shorts, and is the leading agent for arranging advertising slogans around the grounds at big televised football occasions and other sporting events.

Then there is Special Publicity Projects' bread and butter business of leasing out illuminated signs at Piccadilly Circus, advertising inside taxis, and, starting again this week, leasing illuminated panels on the trams that ply the Blackpool prom.—for around £400 the season. Just before he persuaded the Sussex farmers to hire out the backs of their cows Maby was in Brazil signing up local advertisers for the main European motor racing events of the season, which get a rapt TV audience in Brazil.

Maby is quite excited about the prospects for garbing those cows that have sufficient accessibility with advertisements. A previous venture—placing ads at the back of the cages of animals at zoos—came unstuck when the lion in the test ate the advertisement, although there was a subsequent display for Woolworth's at the elephant house at Chessington Zoo.

This time the animals seem to be behaving. It costs the advertiser around £700, but the current campaigns are not destined to last too long, and this is perhaps more likely to be one of Maby's periodic stunts rather than a permanent new advertising medium. There are good promotional reasons for the involvement of the two original advertisers. Ian Hunter, who runs the Brighton Festival, is a great believer in using the environment: at the first Festival he coloured the sea and this year there will be tree poetry. Promotional cows seemed a natural extension.

As for Vladivar, it has past experience with cows. Last year it ran a joint promotion with the Milk Marketing Board, launching the Vladimilk, a vodka and milk cocktail. So this is a natural on-pack follow-up promotion.

RADIO ADVERTISING

Licence to print what?

BY DON WIGHTMAN, LINTAS

THE Association of Independent Radio Stations recently announced that the "advertising revenue of Britain's 10 independent radio stations has reached an annual rate of £5m."

Over four years ago this page was reporting revenue predictions for commercial radio ranging from £50m. (according to Harry Henry) down to my own £5m. At first glance, this latter estimate seems to have been on target—but was it? Certainly it has proved to be a lot nearer than other estimates (usually between £15m.-£25m.) made at the time. However, further examination shows that such comparisons are oversimplified.

Annual rate

On the one hand there are questions like (a) whether multiplying the February 1975 revenue by 12 is a reasonable way to estimate the present annual rate; (b) what allowance, if any, should be made for the fact that *some of the stations are in their very early days*; and (c) what allowance should be made for the revenue of *future* stations (most of the 1971 predictions were for the eventual network of stations).

On the other hand you need to consider the implications of inflation over the last four years.

Only the radio contractors know fully the seasonal pattern of radio revenue, but if one assumes it is similar to television, then the February revenue of £425,000 would suggest an annual rate of £6.16m. (over the last seven years an average of 6.9 per cent. of TV revenue has been taken in February).

It is difficult to make any particular adjustment for the newness of some stations but it might well be argued that when *they've settled in*, revenue should grow. Since the newer stations are the smaller ones, let's say that £7m. might be a reasonable annual rate for the ten now on air. What then of the stations yet to come on air?

I for one have never believed that anything like the 60 stations allowed for in the White Paper will be viable. Anyway, after the 19 stations that have so far been given the green light, the others would be very small and wouldn't add significantly to the total revenue. So I think it reasonable to expect that the further nine stations planned would raise total revenue pro rata to the extra population they would bring within range of local commercial radio—that is, by a quarter to £8¾m.

1971 prices

Now my own eventual estimate for revenue was £8m., but unfortunately I have to point out that that was at 1971 prices! In particular I and other estimators made it clear that we saw our estimates changing pro rata to the price of television. What has happened to the price of TV in the last four years? It has risen by 41 per cent. So my own early estimate of radio revenue would become £11.3m. against the £8¾m. rate I have arrived at based on present trends.

So while I was considered one of the extreme pessimists when it came to revenue expectations, it would seem that I, too, have been proved optimistic in the event.

I certainly hope that we will now see regular publication of radio revenue statistics—and see them by area for there can be little doubt that the disappointing overall situation hides considerable variation up and down the country. For instance, rumour has it that one of the most successful stations, Clyde, accounts for something like 12½ per cent. of total revenue, while it has only 7½ per cent. of commercial audience potential.

Why, one might ask, is this so? Has Clyde been more effective in its selling to advertisers and agencies? This is part of the answer, and certainly the general level of radio salesmanship has not been very distinguished, but the main reason must surely lie in its success with audiences. When it comes to radio, people vote with their ears and one way or another advertisers will spend where the audience is.

Clyde has been batting on a better wicket than most because it is easier for it to get local (and indeed national) identification than, say, the London stations. Some of the future stations (particularly those well away from London and the other major conurbations) should be able to get local identification but what worries me is whether the *absolute* size of their audiences will be sufficient to generate the revenue needed to make them viable.

Advertising heads a—

Record revolution

BY ANTONY THORNCROFT, MARKETING EDITOR

IT HAS always surprised me how reluctant marketing men (and even advertising agency executives) are to attribute sales successes to advertising. They invariably add the rider that other factors might have influenced the result. Maybe this is a useful hedge—once advertising starts to be scientifically measured, the agency teams are put on the spot about explaining the failures.

But occasionally advertising is seen to work on its own account and to work very well. Six weeks ago Phonogram started to use television advertising to promote a record it had released—"The Best of the Stylistics." The advertising was concentrated in the Granada TV area.

After only one advertisement had been shown sales in the area, which usually reflect the 12.8 per cent. of the population that live in Granadaland, were up to 22.2 per cent. of total national sales. After two weeks, and 15 advertising spots, sales were 66 per cent. of national unit sales, and the record went to number one in the British Market Research Bureau official charts.

Impressed by this response Phonogram, and agency McCann-Erickson, have speeded up the roll out of the advertising to the ATV area, and soon to London. Already over 100,000 copies of the record have been sold (at £2.50 each), and the company has put in for a golden disc. This is not a bad return for an eventual advertising expenditure of £40,000.

Yet Phonogram, like many record companies, was for long suspicious about advertising its product on television. In fact all the record companies were very slow off the mark — and the ability of television to sell records was pioneered by North American television promotion companies, like K-Tel and Ronco, and the British Arcade. They persuaded the record companies to lease them material and then produced compilation LPs which were advertised with heavyweight TV campaigns. Many were very successful, selling over 300,000 copies, at around £2 each.

This example encouraged the record companies to market their own compilations, but some of the first efforts went astray—the excessive advertising appropriations eliminating the profit. So a stalemate existed last year, with the record companies driving tough bargains over material with the TV promoters, while gradually testing out their own records, with much more modest campaigns.

As a result the record companies expenditure on TV last year dropped to around £2.5m. from nearer £4m. — still an appreciable sum for an industry which spent virtually nothing four years ago. In 1975 the investment is likely to grow to around £3.5m.

And yet the biggest record company in the country, if not the world, EMI, is only a cautious believer in TV advertising. It has used it in a minor way for albums by John Lennon and Paul McCartney, but director of marketing Bob Mercer has doubts. "The real problem is estimating what the sales of a record would have been without TV coverage. There is some evidence that it speeds up the rate of sales but not the eventual total."

Mercer also points out that although the record industry measures success by the position of a record in the charts a number one can sell either 150,000 or 750,000 copies: TV can produce unprofitable top selling records. The fact is that record companies have seen records become enormously successful without advertising support and they are reluctant to switch their marketing organisation to what could become a costly and competitive alternative. The old below the line methods of a large marketing department of pluggers and publicists, selling records by persuading the BBC to give them free air play still retains its appeal.

But this can be equally costly, with some of the large companies spending over £1m. a year, of which a half goes into display media, mainly the trade Press. The new appraisal

Perry Como

questions the point of so much preaching to the converted and now the effort is to reach first time buyers for a particular artist. This is the main task of T. Richard Johnson, a small agency which has just acquired the RCA advertising account (as a sign of the times there is much agency switching at the moment).

For the past two months RCA has been spending at an annual rate of £500,000. The new approach is obvious in the enlarged media coverage. The £25,000 campaign for a Perry Como album, for example, was concentrated in the consumer Press, like the News of the World, and posters. In the north, where disco plays sell a lot of records, there are RCA tie-ups between the local radio stations and the discotheques to find new artists.

The problem the agency has already faced is that it has had to work on 150 different records, and there just is not the budget to prepare worthwhile campaigns for many of them. And television, in particular, tends to get left off the schedule.

Where television works well is in promoting albums by well established artists, like Tom Jones and Englebert Humperdinck. Decca spent £30,000 each on these two artists' compilation albums with considerable success. It is still holding its breath as to whether a similar, smaller, exercise has worked for a new duo, the Blue Jays, who will be unknown to the majority of viewers. If television can be shown to prompt sales of a "new product" rather than jog people's memory for "established brands" more companies may take the plunge.

Mixers mix it on TV

BY PAMELA JUDGE

IN THE teeth of a Budget that inflicts more pain on drinkers, both Schweppes and Canada Dry are returning to TV with new campaigns for mixers and ginger ale.

Canada Dry's plan "calls for over £300,000 worth of TV time" between now and the end of November. In addition there will be 2,115 poster sites. By Ogilvy Benson and Mather the publicity, probably totalling £500,000 in all, has, as its theme, "Something smoother happens with Canada Dry." Last year the company, a subsidiary of Bass Charrington, mainly used the Press.

Describing CD's openness about its plans as "strategically mystifying" Keith Holloway, deputy chairman and marketing manager of Schweppes, declines to say how much his company is spending but adds that CD's figure "won't be enough." He further says that the reason the mixers are back on screen is that there are now enough bottles, which was not the case last year—Schweppes had to cancel its pre-Christmas advertising.

The new Schweppes commercials, to run from May to September, will concentrate on tonic and ginger ale. The two ginger ales are renamed—Original Dry Ginger Ale and American Ginger Ale—to emphasise the distinction between the hotter and more mellow sectors of the market. There will also be supersites, posters, and "maybe" some bus sides. The agency is JWT.

Holloway takes the view that the Budget will tempt people to drink less and use more mixers. He tried to get ads. in the Press on the day after the Budget saying "Have a large tonic and gin" but the deadlines couldn't be met.

● THE ROYAL Philharmonic Orchestra's latest recording was the first record to be directly sponsored by the Legal and General Assurance Society. Elgar's "Pomp and Circumstance" Marches and "Enigma" Variations were released by Contour Records last week, and further recordings are planned under L and G sponsorship and the Contour label.

● INTERLINK ADVERTISING is to relaunch the TWA Air Freight in Europe campaign after an absence of several years —"All the way with TWA." Press advertising will appear in the U.K., France and Italy. The agency is also launching the Solid Fuel Advisory Service's £250,000 Spring campaigns for central heating and coal at summer prices during May and June.

● SEASONAL advertising for Walls ice lollies starts this month with new flavours, like the Dalek Death Ray, and a new twist to the stick. The lollies will be on "riddlesticks," which pose a riddle on the visible part with the answer discernible on the bit that is temporarily hidden by the lolly. Lintas is the agency.

● MORE work for Saatchi and Saatchi. Sirdar Wool has given it the £75,000 Hayfield wool account, and National Magazines is spending £75,000 to publicise the first two issues of the revamped Antique Collector.

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THURSDAY, MAY 1, 1975

Investment and profits

THE PRICE COMMISSION laid considerable stress in its penultimate report on the extent to which increased labour costs had become the driving force behind price increases. Its latest report, which covers the period December-February, makes the same point even more strongly. Official statistics have already made the general position clear. In the three months to February, average prices paid for fuel and raw materials by manufacturing industry *fell* by 2.5 per cent., so reducing the total increase over the past twelve months to 2.3 per cent. In the same three months, however, wage rates rose further to bring the total increase over the past twelve months to 29.0 per cent. It is wages and salaries, not raw material prices, which are now mainly responsible for pushing up the index of retail prices.

But this comparison takes account only of direct increases in labour costs: the proportion of total cost increases directly attributable to higher labour costs rose, according to the Commission's analysis of the applications with which it dealt, from 15 to around 30 per cent. between the spring of 1974 and the end of the year. But increased raw material costs are themselves, to a considerable extent, the result of higher wages passed on from one industry to another. Indeed, the Commission estimates that the contribution of labour costs to total cost and prices increases may be 2-2½ times as large as the amount of which it is notified.

Labour costs

This, it may be objected, is only a theoretical calculation intended to indicate the orders of magnitude involved—which vary greatly, in any case, from one industry and one firm to another. But it does help to explain the fact that retail prices are continuing to rise sharply (though not so sharply as average earnings) even when the rise in raw material prices has been slackening for some time and has now become an absolute fall. It also helps to explain the continuing pressure on company profits.

Margins subject to control, according to the Commission, remain at "a very depressed level." Distributors' margins, though slightly up in the fourth quarter (after allowance for the seasonal pattern of trading) from the very low level of the third, amounted to only 75 per cent. of reference level against 94.5 per cent. a year before. The net profit margins of manufacturing and service companies fell over the year from 71.4 to 50.2 per cent. of reference level (for Category I companies) and from 65.0 to 57.8 per cent. of reference level (for Category II companies). For Category II companies, as for distributors, the fourth quarter represented a slight improvement on the third, but the Commission finds no evidence to support a general conclusion that "the declining trend in profit margins has been reversed."

Clearly, profits have recently had no effect on the general price level, which would have been higher had margins been merely maintained. Clearly, too, some relaxation of the Price Code was badly needed and the question is whether it was made too late in the trade cycle for companies to take advantage of it.

Capital return

But the main conclusion to be drawn from the Price Commission's figures is that there is no reason to expect an early upturn in private capital investment—apart from a few special cases and the handful of marginal projects that may be brought forward by the Government's temporary incentive scheme. Investment does not just happen: it is undertaken when a company expects to earn a reasonable return on the capital. Subsidies and tax remissions may be used to alter the level of return, whether for better or worse in the long run; and subsidies may sometimes be justified to translate into terms of profit for the individual company a "social" return from which it would not otherwise benefit.

But profitability is the proper yardstick with which to measure the case for investment. If the investment is not forthcoming, the reason is usually that actual or prospective profitability is too low. It is the reasons for the low level of profitability which need investigation by would-be reformers and the productivity of labour is not an issue which can be side-stepped in the case of British Leyland or of any other company which is judged to have invested too little in comparison with its overseas competitors. International comparisons of productivity have, in many cases, their own plain story to tell.

The grim outlook for construction

FOR TWO YEARS now the construction industry has been sliding into its worst and longest recession for decades and nothing in the latest batch of construction order statistics provides grounds for believing that the end is yet anywhere in sight. On a superficial view the latest figures might be interpreted as indicating a modest improvement. Total orders for new building work in the three months to February were 5 per cent. up in constant price terms on the same months a year ago. But this comparison is misleading. Last year's figures were distorted not only by the effects of three-day working but also by the six-month moratorium on new public works contracts which was imposed in October 1973. Except for this, the flow of new contracts has been shrinking more or less continually ever since the demand for new building work peaked out at the beginning of 1973. The latest figures show a cumulative drop since then—again in constant price terms and with seasonal variations smoothed out—of just over a third.

Housing cuts

It is true that the last eight months has seen a modest revival in new orders from public authorities, which has been more than offset by a further sharp fall in new work for private sector clients. But many local authorities have already run into serious financial difficulties with their housing programmes, partly because of growing Government pressure to cut back on these expensive plans. So far the cutbacks have been largely confined to items other than new building, such as the purchase and renovation of privately-rented housing. But financial constraints and the scarcity of professionally-qualified staff are bound to have an impact sooner or later on the house-building programme as well. In any case we can almost certainly count on seeing another major round of public sector expenditure cuts before the year is out which will affect the outlook for housing as well as public works contracts. The Government will doubtless want to avoid coming down too hard on an already severely depressed construction industry. Unfortunately, however, cutting back on new building schemes and other capital projects is always the easiest and quickest way of restraining expenditure.

Flow of funds

In either eventuality, the industry will not be able to look to the private sector to help make up the difference. New contracts for industrial and commercial building are now down by half compared with the autumn 1973 peak and no-one expects the trend to be reversed for another year at least and probably not even then. As for housing, the improved flow of funds into the building societies has helped ease the situation at the lower end of the market and this has led to a modest revival since the end of last year in the number of houses which are started. But the back-log of completed or nearly completed houses is still unprecedentedly high and many house-builders are still experiencing liquidity problems and a lack of confidence. It is noticeable that, while the rate of starts has risen in the three months to February, the value of new contracts remains unchanged in constant price terms, which again indicates that the revival is confined to the lower end of the market.

The Geneva Law of the Sea Conference is likely to end without agreement. **Malcolm Rutherford** reports

The line-up for the race to suck a fortune from the sea bed

AFTER SIX years of halting progress, it is a safe prediction that there will be no agreement, even in principle, on an international law of the sea this year. There is the theoretical possibility of a draft agreement in the early part of 1976, but by then it may well be too late. Too many States are on the verge of unilateral action, and under strong domestic pressures to take it, for a moratorium to last much longer.

The result could be a new series of disputes, dwarfing anything that has gone before, over fishing rights and, no less important, deep sea mining. The bitterness which has already become apparent between developed and developing countries should increase and, in the not-too-distant future there could be a marked effect on world commodity markets as (mainly American) companies begin the exploitation of the minerals on the sea bed.

This year was generally reckoned to be the year of decision. More particularly, the *decision in principle* should have been taken at the session of the United Nations Law of the Sea Conference (UNCLOS) which is now drawing to a close in Geneva. Yet the best that can come out of Geneva now (and even this is not certain) is agreement on three single negotiating texts covering the main areas of discussion. There will be no further session this year, the developing countries having come down firmly against a meeting in Vienna in the summer. There may be continuing consultations, notably at the UN General Assembly in the autumn, but the Conference itself will not resume until early next year, probably in Nairobi or New Dehli. Several Governments, however, have already said that they will base their judgments on whether or not to wait for an international agreement on the results of Geneva.

Gathering momentum

The lack of progress is in a way surprising, for ever since the issue of the sea bed was first raised in 1967 by the UN Permanent Representative of Malta, Ambassador Arvid Pardo, the demand for an international convention seemed to be gathering momentum. In 1970 the General Assembly adopted almost unanimously a "Declaration of Principles covering the Sea Bed and the Ocean Floor, and the Subsoil thereof, beyond the Limits of National Jurisdiction." The resources of this area were declared "the common heritage of mankind" and it was agreed that the exploration and exploitation of such resources should be "governed by the international regime to be established." Under the same Resolution 2749, the Assembly called for an international conference which would agree on the principles of the regime and also on a broad range of related issues.

These issues included the regime of the high seas, the continental shelf, the territorial sea and international straits, fishing and the conservation of living resources, the preservation of the marine environment and scientific research. In other words, it quickly became clear that what was being sought was a full-scale review and revision of the existing law of the sea and the extension of the law into areas previously untouched. Resolution 2749 gave added point to an earlier resolution which had declared a moratorium on the exploitation of deep sea-bed resources beyond the limits of national jurisdiction.

It was against this background and numerous preparatory conferences that the first UNCLOS met in Caracas for ten weeks last summer. It is an exaggeration to call the Caracas session a total failure. There was broad agreement on two issues. The first was that territorial waters should be extended from three to 12 miles from the coast. The three-mile limit dated back to the 18th century and was based on the range of the then cannonball; in recent years a number of States had already moved up to 12 miles. The second was that there should be a new "economic zone" stretching 200 miles out to sea. The 200 miles figure was accepted as a convenience because that was the limit some States had already proposed—some Latin American States, for example, and the Council of Ministers of the Organisation of African Unity in the Addis Ababa Declaration of May, 1973.

There was less agreement, however, on the extent of a coastal State's jurisdiction over the new economic zone. Some of the developing countries thought that it should be almost exclusive, so that, in effect, there would be a 200-mile territorial limit. Most of the maritime States, on the other hand, which means the major developed sea-going countries, thought that jurisdiction should be confined to allowing the coastal State preferential rights, but not—subject to agreed rules of behaviour—to the exclusion of others. On most other issues in Caracas there was no agreement at all. The theory was advanced that this was because the delegations were aware that Caracas was not the final session. Geneva this year, it was said, would concentrate the mind and the real negotiations would begin.

Opinions differ as to why this has not happpened, despite the increasing urgency. The extreme developing country view is that most of the maritime States are seeking to preserve, and indeed increase, their own hegemony by demanding unimpeded access to all but territorial waters, the right of unimpeded transit through international straits, and a regime for the deep sea-bed which would allow exploitation of mineral resources on what (say) a western industrial consortium would regard as commercial terms. The extreme maritime view is that some of the developing countries—Latin American coastal States in particular—seek to block any proposal likely to lead to an international agreement. The developing countries in general, known as the Group of 77 after one of the early UN conferences on trade and development (UNCTAD), but now numbering more than 100, are accused of raising extraneous issues from the colonial past which have nothing to do with the establishment of a new international convention.

The divisions are not at all along traditional east-west lines. Indeed the United States and the Soviet Union, as maritime powers *par excellence*, have frequently found themselves taking identical stands. One of the biggest disputes has been about the exploitation of sea-bed copper with Peru and Zambia lining up with right-wing Chile, all of them copper producers, in an attempt to stop it because a new source of supply might hit the world copper price.

Yet perhaps the simplest explanation of the lack of progress is that all countries were too ambitious in thinking they ever could strike an agreed balance of interests on such a wide range of subjects when the interests of so many of the participants were so diverse.

Certainly the possible consequences of failure must now be faced. The most that Geneva can produce is three negotiating texts, one for each of the three main committees, the first dealing with the establishment of the international sea-bed authority, the second with more general aspects of sea law and the third, with pollution, scientific research and the transfer of technology.

Among countries least willing to wait to see if the negotiating texts do lead to proper negotiations are Canada, Iceland, Mexico and Norway and, to some extent, the U.S. The Canadian Minister for External Affairs, Mr. A. J. MacEachen, for example, said recently: "We will not stand for a simple referral of the issues to one or more sessions unless we have reason to be confident in an early successful conclusion . . . should the Geneva conference fail or procrastinate, we will reassess all options and decide how best we can cope with our most urgent problems."

Icland has already introduced a 50 mile limit and wants to move quickly to 200 miles; its special arrangement with Britain, allowing the British inside the 50 mile limit, expires in November. Norway has already announced its intention of introducing a 50 mile limit this year and is now seeking early talks with Britain and the Soviet Union on the establishment of a 200 miles economic zone in north west Europe.

Britain will be deeply involved in any such moves. There is already strong pressure from the domestic fishing industry to move to a 200 mile limit. It could become irresistible if the Scandinavians adopt such limits because this would lead to a diversion of third country vessels to British fishing grounds. Then there would be a problem with the Common Market. The Common Fisheries Policy, due to come into full effect in 1982, was negotiated before anyone thought seriously of a 200 mile zone; unless it is "renegotiated" it will become the preserve of the entire Community.

Yet the most interesting case is the U.S. where the State Department is fighting a losing battle with Congressional and commercial interests. Officially the view is that international agreement remains possible, but there is already draft legislation calling for a 200-mile U.S. economic zone and for a start to deep-sea mining. That means the exploitation of the manganese nodules.

The nodules were first discovered by a British survey ship as long ago as the 1870s. They lie on the sea-bed and are shaped like potatoes. They are mainly composed of manganese, but they also contain heavy concentrations of nickel, copper, cobalt, molybdenum and iron. As the accompanying map shows, they are most ple in the Pacific. South Afric comes out well, and Eu comes nowhere.

Estimates of the volume the metals vary considera One U.S. study* on the Pa alone suggests 358bn. tons manganese, equivalent reserves for 400,000 years at 1960 rate of consump 14.7bn. tons of nickel, equ lent to reserves for 150 years, 7.9bn. tons of cop equivalent to reserves for years, and 5.2bn. tons of co equivalent to reserves 200,000 years. The figures w still be enormous even if were divided by 100. More it has been discovered that nodules are forming at a rate all the time, so almo the literal sense the reso are infinite.

No need for drilling

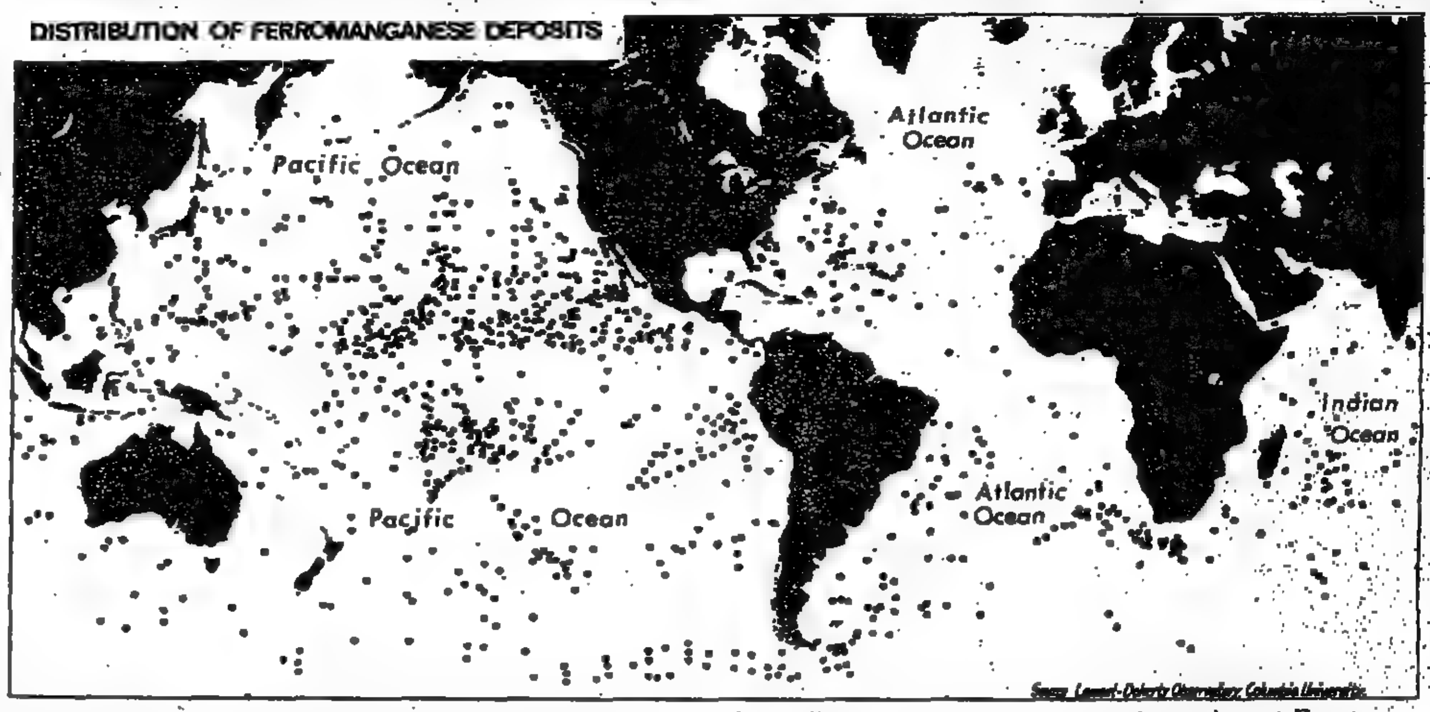
There are obvious attrac in their exploitation whic not exist on land. There need for drilling or constru works and if UNCLOS b down, possibly not even restrictions of any kind. N the technology essentially cult for an advanced cou the nodules can be picke basically by suction, thoug technology of extracting metals presents more probl

Not surprisingly, the US taken the lead. There are main groups involved: the necott Copper Corp., Deep Ventures, which is a subsid of Tenneco, International Ni and the Summa Corp., w belongs to Howard Hughe was Mr. Hughes' vessel *Glomar Explorer*, which recently in the news for activities in helping the pick up a missing Soviet marine, but the purpose which it was designed was sea mining. Deep Sea Vent has long been pressing to allowed to go ahead with m about 100 miles north w Honolulu. The Departmen the Interior has set up an o mining administration an giving some encouragemen research.

If the Law of the Sea ference is rescued, exploit will take place under some of international regime licences, schemes for joint tures and revenue-sharing, with some return for the loping countries. As with fishing industry, however, be seen that the pressure unilateral action are mou When the Geneva confe ends on May 10, it w fascinating to see which moves first.

*These figures are take "The Control of the Sea B by Evan Luard, published Heinemann.

DISTRIBUTION OF FERROMANGANESE DEPOSITS



Source: Lamont-Doherty Observatory, Columbia University

MEN AND MATTERS

Seeking salvation

Although perils in the Community Land Bill dominate the church's financial worries (to the extent that an extraordinarily eminent deputation waited on the Prime Minister to make the point) there are a string of other problems confronting the ecumenically-oriented Churches Main Committee.

This group tackles common issues (nothing on doctrine or education, but any secular matters) concerning Britain's seven main churches and 24 other denominations, ranging from the Salvation Army to the United Synagogue. It dates from 1941, when the Government encouraged the churches to band together on the subject of war damage compensation. If a church was bombed out, a "plain substitute" building was allowed and the committee was there to cast a disapproving eye if anyone was tempted to be too lavish in reconstruction.

The second most worrying of current problems is that of national insurance contributions. Up to now, clergy have been self-employed, but in an anomalous tax position which has meant revenue treatment as if they were employees. The Government would like to see the clergy swept into the ranks of the employed, but this would cost the Church of England alone another £1.5m. a year.

With clerical pay rising anyway, finding that sum will be tricky. Even if contributions from the laity rise sympathetically, that other source of funds, the Church Commissioners, wrestling with dividend and rent control, is already "giving away as much as we can," as a spokesman puts it. Income in 1973-74 was £32m., of which £28m. went out to clergy. Then there is the irritation of VAT, costing the committee's members £1.6m. a year in all, and bearing heavily on the C of E's oft-repaired, elderly properties.

The Community Land plans came as a nasty shock: with churches facing the prospect of receiving current use value for redundant property, which would usually mean nil. After a more junior deputation to John Silkin, the Planning Minister, got little change, a high-powered group including the Archbishop of Canterbury, Cardinal Heenan, the Chief Rabbi, and the indefatigable Bishop of London, Gerald Ellison, saw Mr. Wilson at the House of Commons. The main committee's secretary, Sandy Parnis, who was also there, reports no difficulty recruiting for the unique deputation, a measure of the concern aroused.

"It's from Sir Don Ryder—you are being replaced by a new model!"

No thresholds?

"Britain's children are facing a cash crisis. Their pocket money is not keeping pace with inflation." How shameful, indeed, that a Gallup survey should show that the national average pocket money for a child between five and seven is 12½p a week: between eight and 10, 23p: between 11 and 13, 40p: and 14 to 16, 57p. Of the wretched parents interviewed, 43 per cent. could not even remember when they had last upped the waif's allowances. But there are some who still show they care—12 per cent. of Midland children between 11 and 13 get £1 a week or more, against only 4 per cent. in the North and apparently none in the South.

Who, you may wonder, was big hearted enough to commission Gallup to find the grim facts and tell them to the world? Wall's Ice Cream, which Parents Lib. may regard as a not entirely disinterested party.

Britain's EEC textile lobby

Does one lifeline for the textile industry run through Brussels? If so, then Britain at least holds an unprecedented number of the best Brussels-lobbying posts at just the right moment.

At the top there is J. Alan Clough, deputy chairman of British Mohair Spinners, who at the week-end took over for two years as president of Comitextil. This is the main industry representation in Brussels, made up of nine national textile bodies—in our case it is the British Textile Confederation, taking in both employers and unions, where Clough is also president. Then there are 14 bodies representing different industrial sectors which also have their say in Comitextil.

Counting Clough, Britons take up five of the 23 places on the Comitextil council, a good proportion made better by leading most of the more important sector organisations. Sir William Bulmer, managing director of Bulmer and Lumb, is president of Interlaine, which takes in the wool textile producers (in Britain's case mainly the Yorkshire industry). William Barnes, a director of Carrington Viyella, is president of Eurocoton, which speaks for the cotton and allied textiles producers (Lancashire). Dan Styles, chairman of Atkins Bros. of Hinckley is senior vice-president, due to become president in September, of Maillleurop, voice of the knitting industry (Leicester and Nottingham). And Bob Haslam, an ICI director, is chairman of the European end of CIRFS, the international fibre producers body.

So we have the men in the right place, but what about the lifeline? "What we must do is to persuade the Commission to act," says Clough, convinced that this course is better than each country with a textiles problem taking its own desperate remedies.

The big hope remains that the EEC can strike deals with the other Asian producers similar to the one it has negotiated with India. In that case Britain, though still the biggest importer by far, will be taking only 0.5 per cent. of any increased imports, while other EEC countries will take 7 per cent. or 8 per cent. What Clough and his Comitextil colleagues—"Remember there are other textile industries in worse shape than ours"—would like to see is the European Commission getting parallel agreements with Taiwan, South Korea and Hong Kong.

Steering clear

The Whitbread brewery group is staging a second round the world yacht race in 1977. But there is a route alteration: competitors will not be going through the Bass Straits next time.

Observer

مكتبات الأصل

ECONOMIC VIEWPOINT

BY SAMUEL BRITTAN

Invest in failure—the Leyland recipe

I HAVE one advantage over the Ryder Committee on British Leyland. This is that I know nothing about cars. Neither liking nor disliking cars, nor having any hunch about future demand for them, I must concentrate on the Ryder Report as a piece of analysis.

The first point of which one is reminded by the Report is that the present British Leyland was itself sponsored by Mr. Harold Wilson and Mr. Anthony Wedgwood Benn, and lubricated with Industrial Reorganisation Corporation money in 1968. During the period up to 1974, trading profits (after interest) as a percentage of sales, averaged 2.3 per cent. Even these profits were arrived at without setting aside funds for replacing a substantial part of BL's plant.

Liquidation

With such a record, there would be a strong case for liquidation to put the assets and manpower to more fruitful use. But it would be politically understandable if the Government wished to postpone these changes until the national unemployment trend is reversed and extended its bank guarantee for a year or two. Any suggestion that the Government should finance British Leyland's investment programme as originally planned would be going too far in view of the record. Yet the present proposals go breathtakingly further.

The official intention now is that fixed capital spending should rise from £77m. in 1974 to £215m. in 1978, at constant prices, and to £331m. in actual money (assuming that inflation settles down at 12½ per cent. in 1976-77). In the period up to September, 1978, the Government is expected to provide or guarantee £900m. In addition to finding up to £50m. to buy out existing shareholders.

For the longer period up to 1982, some £2.8bn. is to be provided in fixed and working capital. The Ryder Committee hopes that some time after 1978 half the capital will be generated from within the new State-controlled British Leyland, but, wisely, refrains from going into detail that far ahead.

It would be a complete break with precedent if the actual sums did not turn out much higher, as they have for nearly all previous State-sponsored investment projects.

It would look to the layman as if the Wilson-Benn team is following up its earlier misjudgment by throwing good money after bad—with the main difference that Sir Don Ryder has succeeded Lord Stokes as Mr. Wilson's favourite industrialist; and that there will be yet another organisational restructuring.

On the highly optimistic assumption that only half of the £2.8bn. programme would need to be financed externally, the best that the Ryder Report can forecast from 1982 onwards is enough profit to pay interest at 12 per cent., with nothing over for dividends after retentions. Even after the gearing has been reduced by the £200m. rights issue, which the Committee expects will largely be taken up by the Government, this is hardly a picture of a profitable concern; which is why the Committee is not looking for a major contribution from commercial sources.

One would have thought that, during a period of particularly heavy pressure on resources, when, in Mr. Healey's words, "5p in every pound we spend at home has been provided by our creditors abroad," there would be a presumption in favour of investments with a reasonably early pay-off rather than one with delayed and doubtful benefits in the later 1980s.

BRITISH LEYLAND'S TRADING RESULTS

	Years ended September 30						
	1968	1969	1970	1971	1972	1973	1974
Vehicles sold ('000)	1,050	1,083	984	1,057	1,127	1,161	1,020
	£m	£m	£m	£m	£m	£m	£m
Sales	974	970	1,021	1,177	1,281	1,564	1,595
Trading profit	45	46	14	46	41	58	19
Interest	7	5	10	14	9	7	17
Profit before tax	38	41	4	32	32	51	2
As percentage of sales	3.9%	4.2%	0.4%	2.7%	2.5%	3.3%	0.1%

The results for the year ended September 30, 1968 (except for vehicles sold) include 14 months trading of British Motor Holdings.

Source: British Leyland: the next decade

Moreover, even if the results predicted by the Ryder Report were satisfactory—which they are not—there are grounds in the Report itself for doubting whether they will be achieved. For instance, nearly a quarter of the cumulative profits expected *before interest* by 1982, or £400m. in all, is attributed to "manning reductions and greater mobility and interchangeability of labour." What confidence can one have that a State-controlled concern will be able even to try to implement a realistic manning policy after Mr. Benn's frosty reception of Sir Monty Finniston's very modest remarks on overmanning in steel?

The Ryder Report is also based on certain assumptions about world markets and the British share of them. I have not the faintest idea whether these forecasts are right or not. But I do know that the whole postwar period has been littered with industrial forecasts by official committees which have been wildly wrong—dollar shortages which have turned to surpluses, predictions of chronically "high" and chronically "low" commodity prices alike belied by events, phases of over-optimism and over-pessimism about the prospects of coal, oil, and atomic energy.

It is time someone pointed out that Sir Don Ryder and his team are not engaged in the same activity when they rush out an advisory report for the Government, as when they are working in their own businesses. Then their own careers and reputations are more directly involved, and they have to back their views with their shareholders' money.

The provision for annual reviews from 1976 on before further loan tranches are granted is a very limited safeguard. As we know from experience with Concorde, the inevitable argument will always be: "Having sunk so much, it would be wasteful to stop the expenditure mid-way just because the return has been delayed." This is known as the "Treasury bounce."

The astonishing fact is that no economic analysis of any kind is presented to justify the preservation and expansion of *BL in defiance of the judgment of the market*. The Committee simply reiterates that "vehicle production is the kind of industry which ought to remain an essential part of the U.K.'s economic base. If the U.K. were to opt out of vehicle production, it is not easy to see where the process of opting out would end." This is simply establishment hectoring.

Fallacy

The fallacy is that there is an entity called "the U.K." which decides which industries should expand or decline, and by how much. The motor industry was not created by a Government decision. Nor were most others. The Government does not have to decide which products we "opt" in or out of. There are any number of half-way houses, such as manufacturing trucks and specialised cars, or components, or final assembly, or leaving small car production to Ford; but if the motor industry declines, other industries will take its place, provided that Government policy allows some return *on capital*.

Mr. Harold Macmillan, although far wiser than his successors, displayed the essence of the politician's (or industrial statesman's) approach when, *discussing "demand management"* with some economic journalists, he asked: "Demand for what?". It is a mistake even to try to answer from the centre how consumers *at home and abroad are going* to spend or invest their income. They will decide for themselves.

There are really two considerations which seem to have weighed with the Ryder Committee and the Government. The first is that BL employs 170,000 people and provides orders for components and suppliers which Mr. Harold Wilson grandly aggregated into "a million jobs." The other is the magic word "exports," which amounted in 1973-74 to £485m. and fears that some of BL's home sales of £843m. would be replaced by imports.

The Prime Minister made it very clear that critics of the rescue operation will have "a million jobs" thrown in their faces time and again: and they will deserve it if they allow themselves to be so intimidated. There is no virtue in "jobs" for their own sake: otherwise we might as well pay people to dig holes in the road, which *we no doubt will before next* winter is over.

It really is not good enough for a Prime Minister who once taught economics to play up to the illiterate assumption that if *some particular jobs disappear*, no others will take their place. Anyone with knowledge of the future looking ahead in 1959 would have been able to predict job losses far exceeding *anything involved in BL*. Between 1959 and 1973, the fall in the numbers employed in agriculture—or "jobs destroyed" in populist jargon—was 325,000. Over 400,000 jobs disappeared in mining; nearly 230,000 in textiles, over 200,000 in the railways. But although these jobs were not "preserved," total employment expanded by 1.2m. over the period.

It is not governments that create jobs but customers, here and abroad. Similar arguments apply to exports and imports. If British and overseas customers spend less than the £1.3bn. they have recently been spending on BL cars, they will have spare resources to spend on something else—or finance investment—and, provided that excess demand is avoided and the exchange rate is competitive enough, this will go on British goods.

The case against the BL rescue in no way depends on "classical economics." Let us suppose that an injection of £900m. of public funds is necessary and desirable to maintain total employment. There is still no reason to inject the funds into a particular concern rather than as a general boost to consumption, investment and exports.

Even if one believed, with Mr. Francis Cripps, that we need more manufacturing and more manufacturing investment than market forces would provide, this could be done by general subsidies or taxes on non-manufacturing. There is still no case for a selective boost to a particular concern except on the view that Ministers and their advisers can spot the winners on the principle of "invest in failure."

Bribing

British industrial policy is now based on two principles: bribing or cajoling private and State concerns to invest in new plant, and making sure that as many workers are required to man the old plant as the new. The best comment I heard on our situation was by Captain *Shotover in the National* Theatre's excellent production of *Heartbreak House*. "The captain is in his bunk, drinking bottled ditchwater; and the crew is gambling in the forecastle. She will strike and sink and split." But the crew has a shrewd suspicion that the ship is headed for the rocks and is much readier to respond to a new leader and a new course than the ship's officers realise.

Letters to the Editor

Paper bags, not polythene

From The Director General, The British Paper and Board Industry Federation.

Sir,—In your issue of April 21 you published a letter from A. J. Bingley exhorting oil companies to establish ethylene production plants in the United Kingdom and calling for massive investment in extruding machines so that we can do away with paper bags and supply ourselves and other countries with plastic ones.

If the oil companies were to take his advice, according to Mr. Bingley, within a period of two to five years all the papermaking machines in Europe that currently manufacture wrapping grades would have to shut down.

Do we really want to commit even part of our anticipated non-regenerable resources from North Sea oil to the making of more and more plastic in order to replace wrapping paper, the majority of which contains re-cycled fibres? Surely it is important to conserve our energy in the future for more important needs and to develop even further the use of re-cycled waste paper, even if it means still using a certain percentage of pulp that is, after all, made from trees. Trees, I have no need to remind your readers, provide the one raw material that is regenerable. There is no worldwide shortage of trees. Well managed forests are an asset to the environment and a potential source of revenue to developing countries.

Paper and board can be re-cycled; they are biodegradable and present less of an *environmental problem* than the plastic products that litter our beaches and countryside. Experience has shown that paper and plastic can work together. There is no call to use up precious oil resources in order to replace paper *with plastic*.

It would be wasteful of resources to reduce a highly capital intensive industry, already functioning well as an immense annual saver of foreign exchange — calculated at £837m. for all grades of paper and *board in* 1974—and to replace this with further investment on a comparatively large scale. Let us make the best use of another of our indigenous raw materials —waste paper.

John H. Adams,
Plough Place,
Fetter Lane, E.C.4.

World food costs

From Mr. V. Blundell.

Sir,—Instead of a factual refutation of the contents of Sir John Winnifrith's pamphlet "Food Costs More in the Common Market," the chairman of the Food and Drink Industries' Association, Mr. G. K. Lawrence (April 23), prefers to adopt a patronising attitude and thereby to discredit Sir John's case against Britain remaining a member of the EEC with its *inherent dear food policies*.

Mr. Lawrence's letter assumes that because Sir John retired as permanent head of the Ministry of Food, Agriculture and Fisheries some eight years ago, that it thereby follows that this eminent gentleman has somehow been divested of all of his considerable experience and knowledge regarding the world's food supplies; that only the incumbent of the chairmanship of the Food and Drink Industries' Association has the expertise to pronounce on such matters; that somehow Sir John has lost the capacity to research and argue the opposite case now that he no longer holds a position of authority under the Crown.

It was announced in the Financial Times (April 17) that the Food and Drink Industries' Association is to set up a Truth About Food Office to correct "wild statements" about food matters so that voters in the forthcoming referendum might "be given an unbiased picture." Their spokes*man went on to say*: "Over the next few weeks they may be bombarded with wild statements from either side. We want to stand in the middle and see they are told the truth . . . ." If Mr. Lawrence's letter is a foretaste of things to come from that quarter, an "unbiased picture" is the last thing they are likely to get.

V. H. Blundell.
Free Trade League,
177, Vauxhall Bridge Road, S.W.1.

Speakers' notes on the EEC

From the Head of the London Office, Commission of the European Communities.

Sir,—May I comment on the implication — I am sure unintended — in Mr. Joseph Kane's letter of April 23? It suggested *that the U.K. office of the Com*mission of the European Communities either is associated in some way with the European Movement or has prepared material for the CBI. Neither suggestion is true. During 1974, *our office prepared some factual* speakers' notes describing the aims and institutions of the European Communities. These were published, and are available to any organisation or individual in the U.K. including the CBI, the "Britain in *Europe" organisa*tion or the "National Referendum Campaign," irrespective of the views they may hold about the current referendum debate.

I understand that the European Movement has produced a set of speakers' notes on the issues involved in the referendum. These, of course, have nothing to do with us.

Unfortunately, the sentence quoted by Mr. Kane from the CBI bulletin could be interpreted as *implying that these two entirely* independent publications were connected. I should be grateful for the opportunity to make clear to your readers that this is not so, that the role of this office is not to take sides in the referendum, but to supply *factual infor*mation on the Community and its workings, and that this information, as I say, is freely available to both sides in the present campaign.

Richard Mayne,
20, Kensington Palace Gardens, W.8.

British Leyland

From Mr. E. Atkin.

Sir,—Surely the whole basis for the Government's *adoption of* Sir Don Ryder's report rests on on three fundamental assumptions which are quite wrong.

Should Austin-Morris leave the volume car market, increased *import* penetration will depend solely on the success or otherwise of Ford, Vauxhall and Chrysler filling the gap. I feel sure that a Marina owner is far more likely to replace his car with an Avenger than a Renault.

Secondly the employment of 1m. is hardly at risk as the majority of these people are employed by suppliers to British Leyland and it is virtually certain that the majority of these firms supply other motor car companies in Europe thus the volume of components and numbers employed need not alter.

The third assumption which I find incredible is that sales levels of 1973 will be repeated by the end of the decade. Surely it has been Government policy over the past 18 months to ensure that this can never happen and that in anticipating this they must surely negate the reasons for both setting up the Department of Energy and subsidising public transport by ever-increasing amounts.

Perhaps now that we are going to have "full public accountability" these points might be answered.

Edward Atkin.
31, Pilgrims Lane, N.W.3.

The Ryder Report

From Mr. C. Meakin.

Sir,—Is it not ironic that the Ryder Report on British Leyland should have been published on April 24, the birthday of the Austin Maxi? No other car so clearly illustrated the fundamental weaknesses of this industrial grouping — weaknesses which Sir Don Ryder's Report would seem to do little to correct.

By and large British Leyland *spent its time producing cars* which engineers wanted, rather than cars which customers wanted. There is no more simple explanation of the continuous encroachment of home and foreign makers into market territory which was once the preserve of the native British industry.

Sir Don Ryder's report is the first under Mr. Wedgwood Benn to tackle a company of major consequence: unfortunately it drops apart when subjected to critical examination. Overall one can offer a firm prediction: the scheme is no more than father to an equally radical successor due (give or take a couple *of years*) in 1980.

After all the grandiose promises from Mr. Benn, one might expect, at least, that ideas for rebuilding industry would incorporate modern business concepts. This proves not to be so. Readers of the report might fairly deduce that the words "selling" and "marketing" are synonymous. Other people are not even allowed to throw their first dice in the business game until they have mastered that concealed distinction.

Unfortunately, the report is not merely a pastiche of antiquated business concepts: it also has more than its due share of statistical mythology. Consider the following (widely separated) factors determining level of output, here set side-by-side. To placate the Department of Industry, Ryder has prescribed a massively expensive programme *of re-equipment with modern* machine tools. To placate the unions, Ryder has indicated that there will be no serious redundancies. The simplest of multiplication sums would therefore indicate a major increase in output to keep everyone happy. Where is all this additional output to be absorbed? Evidently not on the roads of Britain, unless the Government has secretly decided on a permanent contraction at Ford, Vauxhall and Chrysler.

The report has a different answer; Summary paragraph 24 sets it out. British Leyland is to increase its share of the West European market (outside the U.K.) from 3 to 4 per cent. of the total. Blandly, this figure is presented with no margin for error. Meantime, we have a "binding" referendum on membership of the *EEC*. So the Ryder figure is either a political hoax, or vehicle sales prospects, unlike those of any other country, are not *affected by large* tariff barriers.

Like most quick-fire Government studies, this production is more revealing of its authors and publishers than it is of its subject. It confirms that Mr. Benn and his advisers subscribe to a magical understanding of business organisations. Members of this cult wave a wand over a pile of taxpayers' money, repeat the all-purpose spell "worker consultation" many times, and confidently wait for nasty industrial problems to vanish.

Mr. Benn's easy acceptance of the report should be sufficient to alert the misgivings of any *realistic industrialist. He intends* to do no more than underwrite the unhappy consequences of permitting inward-looking, change-opposing, production-orientated attitudes to continue to dictate corporate strategy. *The structure is preservation*-minded and complacent about the location and number of jobs in the corporation, seeking as it does to combine forward-looking equipment with a backward-looking labour force.

A real solution to the problems of British Leyland is to make its international marketing function the master of the production units—not the servant. Such a structure, alone, could accommodate the triple demand of workers for continued employment, investors for modern productive equipment, and the Government for a large contribution to redressing the balance of payments.

Christopher Meakin,
14, Trinity Church Square, S.E.1.

Owners of the company

From Mr. T. Rothwell

Sir,—There has been much comment about the confused affairs of BLMC, with sparse *reference to the owners of the* company other than a suggestion of buying them out at a nominal 10p per share.

Despite the apparent problems involved, this is a derisory offer compared to the net asset value of 43p *per share clearly shown* in the recent balance-sheet and is therefore quite unacceptable.

An estimated 54 per cent. holding is represented by approximately 235,000 small shareholders and if some of these feel that we should combine our interests in the matter, by forming an ad hoc association to obtain a fairer deal, then perhaps an arrangement is possible before the extraordinary general meeting *proposed for May 9*. Such action would then be entirely in accord with those traditions of British enterprise and trade union democracy that seem to have flavoured many of *the verbatim reports to-date*.

Tom Rothwell,
68, Anson Road,
Denton, Manchester.

Official denial

From the Minister Counsellor responsible for the Press, the Egyptian Embassy.

Sir,—Under the title "Egyptian Military Chief Executed" you published (April 28) a piece carried by the official Libyan News Agency which read: "Egypt's Armed Forces Chief, Major General Fahmy Mustafa was executed after leading an attempted coup." This story is entirely false and without foundation and there is no Armed *Forces Chief by that name in* Egypt.

Ahmed Anis.
26, South Street, W.1.

To-day's Events

GENERAL

English Metropolitan district council elections polling day.
Ulster Constitutional Convention elections polling day.
Commonwealth Prime Ministers meeting continues, Kingston, *Jamaica*.
Exhibition of Twopenny Blue stamps opens at Gibbons Gallery, 391, Strand, London.

PARLIAMENTARY BUSINESS

House of Commons: Debate on *first report* of Expenditure Committee on Public Expenditure on Transport, and fourth special report: opposed private business.
House of Lords: Limitation Bill, second reading: Evidence (proceedings in other jurisdictions) Bill, second reading; Motions to approve recreation (Northern Ireland) Order 1975 and shipbuilding industry (Northern *Ireland) Order 1975: debate on* British hovercraft industry.

OFFICIAL STATISTICS

Slum clearances for first quarter (provisional). Provisional housing starts and completions and house renovation grants for March.

COMPANY RESULTS

Matthew Hall (*full year*).
Pearson Longman (*full year*).
S. Pearson and Son (full year).
Reyrolle Parsons (full year).
National and Commercial Banking Group (half year).
Serck (half year).

COMPANY MEETINGS

Albright and Wilson, Park Lane Hotel, W., 12.
W. H. Brakespear, Henley-on-Thames, 12.
British Petroleum, Britannic House, Moor Lane, E.C., 12.
East Lancashire Paper, Radcliffe, 2.45.
Kleinwort Benson Lonsdale, 20, Fenchurch Street, E.C., 12.
Fraft Productions, Bridgewater, 12.
London and Manchester Assurance, 14, St. Mary Axe, E.C., 12.
Rolls-Royce Motors, Churchill Hotel, W., 12.

BALLET

Galina and Valery Panov give their first performance in London, with London Festival Ballet, in Harlequinade, a pas de deux, choreographed by Valery Panov, at London Coliseum.

THEATRE

Royal Shakespeare Company production of Love's Labour's Lost opens at Aldwych, London.

COMPANY NEWS + COMMENT

Advance to £12.69m. by Foseco Minsep

ON SALES up from £82.87m. to £114.63m., profit before tax of Foseco Minsep, the multi-national manufacturing and marketing group, went ahead from £9.66m. to £12.68m. in 1974.

Earnings per 25p share are shown to be up from 10p to 12.8p based on the attributable profit before extraordinary items of £5.84m. (£4.57m.). Dividend total is up from 3.1484p to 3.4278p net with a final of 2.0278p.

	1974 £000	1973 £000
Sales	114,630	82,665
Foseco	91,702	65,630
Fosroc	16,656	12,982
Fospur	627	449
Fosmin	5,645	3,603
Trading profit	13,475	9,925
Foseco	12,252	8,327
Fosroc	1,439	1,734
Fospur	92	5
Fosmin	395	270
Group management and services	712	614
Associates	185	56
Net interest payable	972	324
Profit before tax	12,688	9,657
Tax	6,157	4,466
Net profit	6,531	5,191
Minorities and pref. divs.	697	622
Extraord. items	572	1,073
Attributable	5,262	3,496
Ord. div.	1,560	1,442
Retained	3,702	2,054

The directors say that the trading profit is not significantly distorted by the effect of acquisitions or disposals and changes in exchange rates.

Tax charge includes a U.K. increase from £1.55m. to £1.83m., overseas tax and deferred tax up from £2.89m. to £4.24m. and tax for associated companies up from £27,000 to £89,000.

Extraordinary items include realised profit on sale of investments and property of £148,000 (£29,000), a loss from the sale or closure of subsidiaries (after minorities) of £150,000 (£1,320,000), and exchange loss differences £361,000 (£268,000 gain).

• comment

Foseco Minsep's growth rate accelerated during the second half of 1974 with full-year pre-tax profits 31 per cent. up after a 21 per cent. gain at the six month stage. The main improvement came from the metallurgical side—44 per cent. ahead on a 40 per cent. sales rise, roughly half of which came from increased volume. This illustrates the group's ability to benefit from technological changes within a sluggish overall steel picture. This division has apparently started the year well, as has the construction side, which slipped back slightly in 1974 and is more vulnerable to U.K. conditions. The group is, as usual, not making any forecasts, but the proven record and strong balance sheet have already been recognised by the market in a near-trebling of the share price from the 1974 low to 141p, down 7p yesterday.

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INDEX TO COMPANY HIGHLIGHTS

TR £0.75m. profit rise

THE REASONABLE profit improvement forecast by Telephone Rentals for 1974 turns out to be £751,000 for a £7.45m. total.

The current year is likely to be difficult but assuming no further marked deterioration in the economic climate, the outcome should be much in line with 1974.

A final dividend of 3.12p raises the 1974 total from 4.11p to 4.37p net. Earnings were 19.21p (17.27p) gross and 9.15p (8.7p) after tax.

	1974 £	1973 £
Turnover	23,170,799	19,512,605
Depreciation	*3,581,947	3,336,572
Profit before tax	7,454,911	6,703,234
U.K. tax	2,137,191	1,745,537
Overseas tax	322,798	411,193
Minority interests	23,622	22,749
Attributable profit	†4,109,733	4,517,758
Tax equalisation	1,319,846	1,141,967
Dividends	1,607,943	1,585,099

* Includes installations £2.58m. (£2.22m.). † Of which associates £175,735 (£223,470).

• comment

Telephone Rentals has lifted its 1974 profits by 11 per cent before tax, which continues the group's long-standing record of steady but undramatic growth; over the last ten years the group has achieved a compound growth rate of 12½ per cent. before tax. However, whether it can continue along this path in the current year must be doubtful. Margins are still under pressure—last year they fell 4 points to 32.2 per cent.—and, although the supply difficulties which the group has experienced in the last two years are easing, there now appears to be a very real prospect of a substantial downturn in U.K. demand in the near future. So, although the group is supported by a fairly strong liquid position (it still has a credit balance in the bank and no short-term borrowings) the current year outlook suggests that growth trend could be coming to a temporary halt. The shares at 111p are yielding 6.2 per cent.

Midway increase at Higsons

BREWERS, BOTTLERS and licensed retailers Higsons Brewery reports an increase in pre-tax profit from £311,246 to £338,472 for the six months ended March 29, 1975.

The interim dividend is 0.67p net (same) at a cost of £33,923. Last year's total was 3.45p from profits of £1.21m.

Results do not include profits attributable to James Mellor and Sons.

	First half 1974-75 £	1973-74 £
Turnover	5,554,945	4,092,238
Trading profit	311,977	463,013
Interest on deposits	11,734	30,663
Investment income	13,161	8,145
Profit before tax	338,472	311,246
Tax	291,000	270,000
Net profit	247,472	241,246

Revaluation at TCK

The chairman of the TCK Group (formerly Thomas C. Keay) Mr. Stephen Rawlinson told the annual meeting that an independent revaluation of the company's land and buildings revealed a surplus of £591,000 over the book value of £234,000. This improves the asset base of the company and, after allowance for potential capital gains tax liability, assets per share will be approximately £1.25.

Record £1.3m. at Mettoy

TAXABLE PROFITS of toy manufacturers Mettoy Company advanced £345,000 to a record £1,337,000 for 1974 after a rise from £444,000 to £536,000 at the 36-week stage.

Earnings per 25p share are shown to be up from 3.9p to 5.4p and the dividend is raised from an equivalent 1.714p to a maximum permitted 1.86076p net, with a final of 0.86076p.

	1974 £000	1973 £000
Group turnover	17,902	12,582
Trading profit	1,283	926
Share of associates	54	66
Profit before tax	1,337	992
Taxation	653	232
Net profit	684	740
Preference dividends	3	3
Ordinary dividends	235	216
Retained	446	521

• comment

Sales at Mettoy rose by nearly two-fifths during 1974, the split between volume and value being around 50:50. Meanwhile, profitability has been roughly maintained over the twelve months, which probably owes more than a little to the fact that margins on exports (one-third of total sales in 1973, and almost certainly more in 1974) tend to be rather better. Demand, apparently, is not one of Mettoy's problems, the emphasis being rather more on production deficiencies, and at the moment demand is continuing to accelerate. On the cash side of the equation, last year's bank balances have been depleted while there is now also an overdraft; however, the company can hardly be described as over-geared, as the balance sheet should show on publication of the accounts. The yield is 11.4 per cent. at 26p.

NUWARA ELIYA

Selinsing Rubber's offer for Nuwara Eliya (Holdings) is extended until further notice. Selinsing and persons acting in concert with it have now acquired a total of 648,796 shares of Nuwara Eliya, representing 89.85 per cent. of the capital.

Freddie Mansfield

Lord Aldington, chairman of Grindlays Bank whose report and accounts were published yesterday.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Anglo-Indonesian Plants 2nd int.	0.75(b)	July 1	nil	2.5(b)	nil
Burton Group ......int.	1.48	Oct. 1	1.48	—	4.42
British Dredging	nil	—	0.3	nil(c)	1
S. Casket	0.7	June 24	0.62	—	1.81
Clarke Chapman	2.67	July 3	2.35	4.07	3.75
Foseco Minsep	2.03	July 8	2.08	3.43	3.15
Higsons Brewery ......int.	0.67	June 6	0.67	—	3.45
Lyon and Lyon	1.09	July 1	0.87	1.96	1.75
Matthews Wrghtsn. Hldgs.	4.82	July 1	4.36	7.39	6.81
Mettoy	0.86	—	0.857*	1.86	1.71*
William Nash	3.3	—	1.4	12	6.3
James Neill	2.05	June 6	2.1	3.99	3.67
Safeguard Ind. Inv. ...int.	0.7	June 19	0.7	—	2.7
Laurence Scott	1.8	July 1	1.73	2.5	2.43
Shiloh Spinners	0.87	June 18	1	1.64†	1.5
Thomson T-Line	nil	—	2.65	2.63	5.27
Telephone Rentals	3.12	July 2	2.86	4.37	4.11
Westward TV ......int.	nil	—	0.44	—	1.32
Winston Estates	0.54	—	0.42	0.95	0.86

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Scrip alternative proposed. (b) Approved by Treasury on the basis that not more than two thirds of profits available to shareholders in the year will be distributed. (c) For nine months.

Jas. Neill profit expands 64% to £2.62m.

THE STEADY improvement in profitability which has occurred since 1972 was maintained during the second half of 1974, by James Neill Holdings, with the result that profits before tax for all 1974, at £2.62m., showed an increase of 64 per cent. over last year's £1.59m. Trading profit rose from 11.7 per cent. to 13.0 per cent. of total turnover, and total income was up from 11.5 per cent. to 12.6 per cent. of total funds employed.

A final payment of 2.0455p lifts the total dividend from 3.675p to a maximum permitted, 3.9955p net.

Chairman Mr. J. H. Neill says that he prefers not to forecast the outcome of 1975 at this stage, but he will be reporting to the holders at the AGM. Although incoming orders are running at a lower rate than during the corresponding period of 1974, the group still has a substantial backlog. The biggest danger is that cost escalation may price the group out of its overseas markets.

	1974 £000	1973 £000
Turnover	22,324	18,965
Home sales	11,334	10,340
Export sales (other than to overseas group companies)	7,063	5,028
Sales by overseas group companies	3,735	2,977
Trading profit	3,334	2,215
U.K. companies	2,922	1,892
Overseas companies	412	323
Investment income	73	73
Total income	3,420	2,290
Interest payable	812	696
Profit before tax	2,616	1,594
Taxation	1,401	725
Payable or deferred	484	552
Stock relief	917	173
Profit after tax	1,213	869
Minorities and pre-acquisition	17	2
Leaving	1,196	867
Extra-ordinary loss	583	222
Available	613	645
Pref. dividend	13	13
Attributable to Ord.	600	632
Ord. dividend	537	491
Retentions	63	141

On the results Mr. Neill comments that with home prices subject to the restrictions of the Price Code, it was from the group's overseas trade that it gained the greater part of the increase in profits, attributable to both higher volume of sales and better margins. Overseas sales grew by 34 per cent. and accounted for 48 per cent. of the group's total sales. Total exports from the U.K. increased by 37 per cent. and accounted for 42 per cent. of the U.K. companies' total sales.

In spite of the fact £0.64m. was received in cash on the sale of its holding in Sheffield Rolling Mills, bank loans and overdrafts increased during 1974 by £2.17m. to £5.61m.

The extraordinary loss of £583,000 arises mainly on the sale and re-purchase of trade investments when the stock market stood at an extremely low level. The investments now stand in the accounts at that low level and a capital loss has been established which can be used against any future profit on sale of assets.

During the year the group revalued its land and buildings. This revaluation, together with the group's usual annual revaluation of plant and machinery, shows a surplus of £4.3m., which is the main reason for the increase of 30.4p to 126.0p in the net asset value per 25p share.

The group operates as tool manufacturers, general engineers, etc.

• comment

James Neill normally likes to hold about 5 months worth of stocks and judging by a £0.92m. provision for stock relief, inflation has played a significant part in the group's pre-tax profits increase—up 64 per cent. after an increase of 69 per cent. at the interim stage. The other side of this coin, in addition to capital expenditure of £1m., is a 64 per cent. increase in bank borrowings, although a revaluation of land and buildings has helped to hold the debt/equity ratio at about 30 per cent. On the trading front, exports, over two-fifths of U.K. sales, have led the way on volume and margins, and a substantial order backlog is now being executed at ruling prices. But this benefit must be set against the effects of destocking. At 63p the yield is just over 10 per cent. but the market is narrow.

U.K. slide hits Lamson

A 38 PER CENT decline in pre-tax profit from £3.07m. to £1.91m. for the first quarter of 1975, including a 66 per cent. reduction in the U.K., is announced by Lamson Industries, a subsidiary of Moore Corporation of Canada.

Earnings per 25p share are shown to be down from 2.48p to 1.54p.

	First quarter 1975 £000	1974 £000
Turnover	30,427	25,901
Trading profit	3,290	3,969
Depreciation	837	746
Interest	717	300
Income receivable (gross)	160	150
Profit before tax	1,905	3,073
Tax	937	1,536
Net profit	968	1,537
Minorities	35	31
Attributable	933	1,496

The directors explain that the downturn in profit already visible in the fourth quarter of last year has accelerated. Although turnover is nearly 18 per cent. up in monetary terms, this conceals a fall in actual volume of about 15 per cent. when price increases are taken into account, they say.

The sharpest reduction in profit has taken place in the U.K.—66 per cent. down and now only represents 17 per cent. of total group earnings.

The figures "reflect the almost world-wide fall in incoming orders in a climate of business recession," they state. The position has been accentuated by the undoubted overstocking by customers in 1974 during a period of paper scarcity.

"In this situation the group is intensifying its drive to reduce all costs in order to bring them down to levels more commensurate with the reduced tempo of business activity now prevailing, particularly as so far there is no indication of any upswing in the demand for our products."

Norwich Union raises terminal bonuses

From to-day Norwich Union Life is to increase the additional bonus which is added to with-profit life policies when paying out claims either on death or maturity, as an extra to the annual reversionary bonuses.

At the end of December the rates were reduced, but the new rates go a long way to restoring the figures to the 1974 level especially for longer term policies. The improvements reflect the rise in asset values since the end of last year.

As an example, the maturity value of a 25-year Norwich Union endowment policy has changed as follows: year of maturity 1973, policy proceeds £2,378; 1974, £2,398; January 1975, £2,304; May 1975, £2,384.

Matthews Wrightson down to £5m.

AFTER charging the cost—£1.7m.—of holding land stocks, taxable profit of Matthews Wrightson Holdings, which has interests in insurance, shipping and air broking, declined from the record £5.81m. to £5m. in 1974.

At half-way, when pre-tax profit was up from £1,976,000 to £2,412,000, the chairman said he was confident of a satisfactory increase in profits. But the severity of the economic troubles affecting the U.K. and the world made any forecast more than usually difficult, he added.

Stated earnings per 20p share for the year are basic 13.3p (17.1p) and fully diluted 12.8p (16.2p) and an increased final dividend of 4.8168p net raises the total from 6.805p to 7.3893p.

Chairman Mr. John Eldridge reports that insurance broking turnover was up with a modest increase in profit, shipbroking and air broking both had good years but rural land use suffered a severe loss attributable to the writing down of land values by £1.1m. to £4.3m. and to related interest costs of £0.6m. Farming and forestry operations continued to make profits, although at a lower level.

He adds that it is too early to give a meaningful assessment of the current year's profits as much will depend not only on the general economic situation but also on the group's success in containing the costs of holding rural land.

	1974 £000	1973 £000
Turnover	33,490	29,568
Trading profit	4,291	5,148
Investment income	2,472	1,989
Interest payable	1,763	1,316
Profit before tax	5,000	5,813
Taxation*	2,591	2,885
Net profit	2,409	2,928
Extraordinary debits	254	—
Minorities	231	143
Attributable	1,924	2,785
Dividends	1,209	1,111
Retained	715	1,674

* Including overseas tax [illegible] ([illegible]).

A breakdown of turnover and profit shows: Insurance broking £17.93m. (£16.1m.) £3.62m. (£3.52m.), Insurance companies £1.68m. (£999,000) £48,000 (£17,000), Shipping £5.96m. (£4.04m.) £2.03m. (£1.34m.), Air broking £368,000 (£285,000) £161,000 (£106,000). Management of Lloyd's underwriting agencies £739,000 (£540,000) £546,000 (£407,000), Rural land use, including sales £6.82m. (£7.6m.) £1.29m. loss (£421,000).

• comment

After Matthews Wrightson's half-time prediction that the full year profit "may not show much improvement over the £5.8m. for 1973" an actual fall of 14 per cent. and the profits breakdown bears out how severely MW burnt its fingers with rural land activities. All the other sectors moved ahead, but this year lower interest rates may bring down investment income, while Lloyd's underwriting will show a decline (relating to the 1972 Account) and the marine and aviation markets are not promising. On the other hand the relative falling value of sterling is always a bull point for insurance brokers, and MW feels that it is getting to grips with costs. Nevertheless the real question mark still hangs over the land and the possibility of further write-offs, and so it is hardly surprising that at 155p the yield of 7.6 per cent. is one of the highest in the sector.

£21,016 by Thomson T-Line

CONTRARY to optimistic indications at half-time Thomson T-Line Caravans just about broke even in the second half of 1974, which leaves the group with a profit of only £21,016 for the year, compared with £423,481 in 1973.

There is no final dividend so the 2.63p interim already paid compares with the 5.2765p net total previously.

In October when reporting first half profits down from £264,344 to £21,635 the directors said that diversification, and a revival in Caravan sales had meant a recovery to more profitable trading, with better prospects for the full year.

	£	£
Turnover	2,809,342	3,384,471
Profits*	21,016	423,481
Taxation	13,652	212,377
Net profit	7,364	211,104
	1974	1973
Written off associate	[illegible]	8,5[illegible]
Dividend	36,774	54,911
Retained	570,484	[illegible]

Buntaskin Investments has waived rights to participate in the dividends paid or payable for 1974 on 690,000 shares. * Excluding attributable loss of associate.

• comment

According to Thomson T-Line, the market for caravans just withered away last year. Dealers for example, de-stocked, exposing in the process the industry's poor negotiating position, as they insist on minimum winter stocks. Value sales fell about 50 per cent. in the July-December session. Thomson responded by reducing labour and producing for stock but a rise in net borrowings of nearly £0.4m. to £0.5m. shows the strain on working capital. The group is talking about a holding operation in the current year, but reclassification of caravans as luxury items will not boost demand in the short-term. At 31p, the shares yield 12.6 per cent.

ISSUE NEWS

Midland Bank statistics

Statistics compiled by the Midland Bank show that the amount of "new money" raised in the U.K. by the issue of marketable securities in April was £242.6m. In the first four months of this year £633.7m. has been raised compared with £116.4m. in the same period of 1974.

The monthly total is the largest ever recorded and the amount raised in the first four months of this year already exceeds the total for the whole of 1974. A substantial part of this month's new money was accounted for by 16 rights issues raising a total of £117m., the largest of which was a £36.5m. issue by Guest Keen and Nettlefolds.

PAHANG'S RIGHTS

The full document is published by Pahang Consolidated with regard to its rights issue of 16m. shares raising £4m. on the basis of one new share for every one held at par (25p).

Subject to raising the fresh capital Pahang will authorise capital expenditure of £1.111m. over the next three years. A new shaft at Gakak is estimated to cost £0.926m. and additional electricity demands are estimated to cost a further £0.185m. The balance of the proceeds, about £0.774m., will be used as additional working capital or to finance further investment.

Pahang's profits increased by £82,000 pre-tax at the interim stage to £414,000, but the directors forecast lower tin prices will result in the annual figure to July 31 dropping to £1m. (£1.3m.). On this basis the company expects to pay a final dividend of 7½ per cent. less Malaysian income tax of 40 per cent.

Reckitt & Colman plans for profitable growth

FOLLOWING a year in which Reckitt and Colman strengthened its position, the group is to continue to take advantage of its wide spread of interests to achieve growth in those areas most likely to be profitable, states chairman Mr. A. M. Mason.

While high inflation and heavy tax burdens continue to restrict the growth of many U.K. companies, the group with its international spread is well placed to cover its financing needs.

Since the year-end a medium-term loan facility of £7.5m. has been negotiated with a consortium of bankers. This arrangement, which is additional to short-term borrowing, will strengthen the group against the effects of any worsening of the economic situation and also "enable us to take advantage of growth opportunities as and when the climate improves," states the chairman.

During 1974 the group increased borrowings by £18.5m., compared with an increase of £5.3m. in 1973. This borrowing was spread throughout the world and the group maintained its policy, wherever possible, of financing expansion by local borrowings. This policy helps to minimise exchange risks and ensures that undue burdens are not placed on U.K. resources.

During the year the group continued its practice of planning for the future and to expand where opportunities arose and conditions were favourable. This required extra finance and projects begun or completed in 1974 accounted for increased borrowings of about £11m. The expansion areas are Australia, U.S., Africa and the U.K.

As reported April 13 group profit, before tax, for 1974 on a 12 months basis amounted to £29.15m. (£29.16m.). The dividend is 8.096p net (7.331525p).

In the U.K., profit and cash flow were severely affected by Government controls and tax measures during a period of rapid inflation, while overseas, substantial progress was made despite price controls in many countries.

An analysis of sales and trading profit—£319.39m. (£255.76m.) and £32.67m. (£30.23m.) respectively—shows:—food and wine £143.91m. (£113.87m.) and £10.86m. (£9.64m.); household £87.52m. (£72.18m.) and £12.2m. (£11.51m.); toiletry £31.14m. (£28.58m.) and £3.79m. (£3.09m.); pharmaceutical £27.28m. (£22.17m.) and £4.32m. (£4.54m.) and other £29.54m. (£19.16m.) and £1.8m. (£1.45m.).

Inflation-adjusted accounts show a pre-tax profit for 1974 of £27.2m. on a current purchasing power basis. Earnings for Ordinary holders appears at £10.4m. (£12.9m. historical 1974) and on a per share basis at 17.3p (21.4p historical).

At the year-end capital expenditure contracted was £6.54m. (£3.93m.) and there was a further £2.35m. (£6.67m.) authorised but uncontracted.

Meeting, Connaught Rooms, W.C., May 28 at 10.30 a.m.

● comment

There are no forecasts from Reckitt and Colman but the accounts do underline the strength of the group's trading base. Thus debt ratios have deteriorated but with net borrowings still only 40 per cent. of shareholders' funds (ex goodwill) they are by no means critical; and after additions to fixed assets of £15.3m. last year the 1975 capital spend is coming down sharply. Operational cash flow in 1974 was £13.8m. Thanks to the element of currency hedge—the overseas profits ratio is around 80 per cent.—the shares have performed strongly against the market in the past two weeks. At 290p, yield is 4.3 per cent.

Bestobell progress overseas

First quarter 1975 results in the U.K. by Bestobell are above those for the same period last year while overseas, they are "substantially" up for the nine months to March 31, 1975, chairman Sir Humphrey Browne said yesterday.

He told a Press conference to mark the publication of the annual report and accounts that "the overseas companies are on an upward trend and we have quite a long way further to go. South Africa is going very well indeed. Australia is keeping up well."

On Europe, the chairman stated: "Although we have a good framework in Europe, we believe this requires more attention, and we have considerable growth to achieve in Europe."

In his annual statement he reports that during 1974 the initial phases of a project to expand the valve manufacturing plant at Rotherham were substantially completed and it is planned to start on the next phase later this year.

Other capital projects initiated during 1974, which will be completed in 1975, include the extension of the Livingston factory producing industrial seals and the establishment of a satellite plant at Cramlington, Northumberland, to handle the rapidly increasing demand for acoustic insulation products.

As reported on March 20, pre-tax profit increased by 40 per cent. to a record £4.86m. on sales ahead by 27 per cent. at £53.1m. The dividend is up from 6.39p to 7.06p net.

It was too early to predict the outcome for 1975 but the directors expected at least to maintain the 1974 rate of dividend as increased by a £2.7m. Rights issue at 88p in the proportion of one-for-three.

Clifford's Dairies

On the assumption that sooner or later inflation and rising prices will be dealt with successfully, Mr. G. Clifford, chairman of Clifford's Dairies, believes that the future holds prospects for a steady growth and expansion in trade and profits.

The company, and the industry generally, "feel it is to our advantage to continue in the Common Market," he adds.

As reported on March 29 group pre-tax profit for 1974 decreased from £477,684 to £244,809. The dividend is 2.9085p (2.3853625p) net per share. In spite of the severe fall in profits the directors are confident of an improved position in 1975.

In view of the difficult trading conditions and particularly the high rates of interest, action was taken to improve matters, the major item being the sale of the trade and premises in the London area. Because of the peculiarities of the special rates of remuneration laid down by the Ministry for milk processed and retailed in the Metropolitan Police area an enhanced price for this trade was obtained. The cash available from this transaction reduced borrowings and enabled the company to make very useful acquisitions in the Bristol area. The sales of these assets and surplus land in the Reading area showed net book profit of £384,738.

Mr. Clifford reports that manufacturing activities are back on an even keel following the successful restructuring of the dormant subsidiary, Associated Milk Products, which is now an associated company in which C.D. has an equal holding with Van den Berghs and Jurgens, relations with the latter are progressing very well and the output of "Dessert Farm" yogurts is steadily increasing. Working is at full capacity on the first production line; the company is engaged in the installation of another unit.

Meeting, Bracknell, May 20 at 11.30 a.m.

Brown Bros. sees 'modest progress'

Although the Brown Brothers Corporation has traded satisfactorily to date in the current year, chairman Mr. E. G. Spearing feels that in the present uncertain state of the U.K. economy it is unwise to suggest that the company will make other than modest progress.

The Brown Brothers distribution company will continue to exploit its flexibility as changes and opportunities arise in the markets it serves; but the group's main objectives will be to hold and improve "our now strengthened financial position."

As reported April 3 group pre-tax profits fell from £1.94m. to £1.17m. in the year 1974. The profit is struck before a provision of £5m. (£3.85m. after tax) against the cost of the 25.2 per cent. stake in Henlys.

Compensation for loss of office of £28,000 was shared between two directors during the year.

A statement of source and application of funds shows a net decrease in bank borrowing of £3.3m. (£8.89m. increase).

Meeting of the company—in which the Dana Corporation now has a 27.2 per cent. stake—is at Great Eastern Hotel, E.C., May 23 at 10.30 a.m.

Burton turns in £1.95m.

FOR THE six months ended March 1, 1975, pre-tax profit of Burton Group shows an expansion from £1.74m. to £1.95m. This year there is no significant net contribution from special items, whereas last year they amounted to £500,000.

Sales increased from £63.6m. to £73.14m. (VAT inclusive). On a VAT-exclusive basis, the improvement is 17 per cent. and if the closure of a number of unprofitable shops is taken into consideration the improvement is about 22 per cent. on a like-for-like basis. Sales on a VAT-exclusive basis for first six weeks of the second half were 15 per cent. higher than last year, say the directors.

The interim dividend is 1.47735p net (same). Last year's total was 4.41735p from profits of £3.35m.

	Half year 1974-75	Half year 1973-74	Year 1973-74
	£000	£000	£000
Group sales	73,147	63,643	126,726
Operating profit	4,164	3,533	8,151
Other costs*	158	750	2,246
Interest	2,299	2,125	4,455
Sales of props	212	1,256	2,870
Profit before tax	1,950	1,783	3,350
Taxation	940	861	763
Net profit	1,010	922	2,587
Minorities	40	21	9
Available	970	850	2,578
Interim div.	547	541	1,618

* Less other profits including investment income.

The directors state that following last July's reorganisation of the company's major problem area, Burton Menswear, there has already been an encouraging stabilisation of both retail and manufacturing volumes.

In Womenswear, the performance of the new Top Shop division was outstanding, they add.

On the other hand, Ryman suffered on the furniture and office machine side, due to the decline in business investment.

See Lex

Prospects poor for Anchor Chemical

BECAUSE the general level of demand has remained low since the last quarter of last year and there is, to date, little sign of improvement, results in 1975 will be poor, Lord Hewlett, chairman of Anchor Chemical Company tells members.

Trading conditions so far experienced in 1975 are extremely difficult but he does not believe that the group is relatively in any worse position than others in the chemical industry.

Against a background of price restraint at home and keen competition abroad, inflationary pressure on costs is high while world demand for chemical products is low; therefore, in the short run, there cannot be grounds for optimism although he believes that the basic strength of the group, with its much diversified activity and abroad, is very sound and well placed to take advantage quickly of an up-turn in trading levels.

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TODAY

Interims: G.R. Holdings, National and Commercial Banking, Serck, United Wire, Wemyss Investment.

Finals: Flight Refuelling, Guardian Investment Trust, Matthew Hall, Hoskins and Horton, Inter City Investment, Marshall's Universal, Ovenstone Investments, S. Pearson, Pearson Longman, Reyrolle Parsons, O. C. Summers, Tebidy Minerals, George Wills.

FUTURE DATES

Interims:—

Buren Dean	May 19
East Asiatic Rubber Estates	May 9
Gomme Holdings	May 27

Finals:—

Abrasives International	May 9
Continental Union Trust	May 7
Curzon Industrial	May 5
English & Caledonian Investment	May 8
Fortnum & Mason	May 8
Monitor Holidays	May 5
Mount Charlotte Investments	May 2
Royco	May 2
Tebbitt	May 11
Weigedacht Exploration	May 12

As reported on April 22, pre-tax profit for 1974 increased from £287,102 to £387,280 on sales up from £7.37m. to £10.25m. Dividend total is up from 3.12935p to the maximum permitted 3.40505p net.

Meeting, Manchester on May 22 at 11.30 a.m.

Tom Martin sees creditable results

Despite difficulties encountered in the first quarter of 1975, profits of Tom Martin Metals Group are being maintained "and consequently your company will achieve most creditable results, subject of course to any major disaster which I for one cannot foresee at present."

This was stated at yesterday's annual meeting by Mr. Arthur Hubert, the chairman.

He added that he fully expected conditions in the U.K. to improve in the second half of 1975.

Physical tonnage turnover compared "very favourably" in the first quarter with the first three months of 1974. This was due directly to continuous efforts to attract new suppliers of scrap metal to offset lower tonnages from existing sources which, due to conditions, were generating less scrap.

Earlier, Mr. Hubert pointed to the company's export performance last year—sales abroad of £2m., a 170 per cent. rise on the previous year—but added that "we are not considering any physical expansion outside the U.K., but are continuing to operate through agents and personal representation by our executives."

MINING NEWS

Delays hitting Greenvale

BY KENNETH MARSTON

STILL delayed by teething troubles, the big Greenvale lateritic nickel venture in Queensland of Freeport Minerals and Metals Exploration is not now expected to reach full capacity before the middle of 1976 instead of in the third quarter of this year as was previously hoped.

The new plant produced 1.6m. lbs of contained nickel in the March quarter and worked up to 26 per cent. of capacity; design capacity is for an annual 54m. lbs of nickel and 2.75m. lbs of cobalt. Metals Exploration points out that no large expenditure will be needed to overcome the present start-up difficulties.

But the lower than anticipated initial cash flow coupled with other inflationary factors has resulted in Greenvale over-running its estimated total capital cost of some £264m. (£150m.) and, as already reported, the partners have not yet reached agreement on how to raise the sizeable additional funds that are needed.

Operating costs have also escalated, notably as a result of the advance in oil prices. Just how viable the operation can be with the currently depressed market for nickel is a moot point. The hope must be that nickel prices will be pushed up in the talked-of revival in markets for base-metals next year.

Of Metals Exploration's prospecting interests, drilling is to start this month on mineral sand deposits in Western Australia. At the 40 per cent.-owned Paracale gold project in the Philippines six drill holes have given assays ranging from 4.02 grammes to 100.65 grammes gold per tonne, it is stated. Metals Exploration were 42p cum-premium yesterday.

CGFA TASMANIA TALKS ENDED

Discussions have fallen through between Consolidated Gold Fields Australia and the Norwegian Fesil ferro-silicon production and marketing group. They were aimed at the establishment of a ferro-silicon plant at Electrona, some 25 kilometres south of Tasmania.

But now the order for furnaces from Norway has been cancelled and the associated engineering design work has ended. CGFA says that it still has faith in the basic viability of the project and intends to pursue other opportunities which may enable it to go ahead.

It is hoped to continue the current carbide production at Electrona as planned until about the end of 1976. Before then further consideration will be given to the future of the plant in the light of the tariff protection on carbide, production costs and other factors. CGFA shares were 15p off at 265p cum-premium yesterday.

ALCAN SMELTER SLOWS DOWN

The Kurri Kurri aluminium smelter in New South Wales of Alcan Australia is now operating at only 66 per cent. of its 49,200 tonnes' capacity. This reduction follows a cutback of 15 per cent. made in March as a result of a fall in orders for semi-fabricated products.

As reported here yesterday, Alcan has asked the Australian Prices Justification Tribunal for a 6.2 per cent. rise in prices for aluminium ingots and a 32.38 per cent. increase for alumina. The progress of this application is being watched with interest by Alcoa of Australia (in which Western Mining has a 20 per cent. stake) and the Rio Tinto-Zinc group's Comalco.

S. African gold sale puzzle

THE GENERALLY accepted indicator—and it is no more than that—to South Africa's sales of gold from her reserves on to the free market is provided by the weekly return issued by the Reserve Bank. Thus, a fall in gold holdings indicates a sale of bullion from reserves and a rise points to a retention.

Weekly sales from reserves this year have been running at an average of about ¾ tonne on top of newly-mined production amounting to some 13 tonnes. But the Bank's latest return shows that in the week ended April 25 the Republic's gold holdings dropped by R5.4m. to R520.7m. which would suggest a massive sale of about 5¼ tonnes of gold from reserves.

From Johannesburg, however, Richard Rolfe says that South Africa sold a normal amount of gold last week, mainly because mine production was lower. As a result, refinery shipments to the Reserve Bank could have been as low as half the normal weekly output.

Despite reduced U.K. offtake, he adds, the Rand Refinery is still producing some 150,000 Krugerrand blanks a week, or just over one-third of total gold output. Over the past few months the Reserve Bank has also been transferring gold to Mozambique in terms of the "gold option" by which a percentage of the Mozambique mineworkers' deferred pay is transferred in bullion to the authorities there.

ROUND-UP

Australia's Selcast Exploration, in which London's Selection Trust has a beneficial interest of 83.8 per cent., spent $1.19m. on mine development in the March quarter. Nickel ore from the Spargoville property in Western Australia is now being treated at the North Kalgurli Croesus plant which was re-commissioned in March.

Future dealings between Bougainville Island and the mining companies will be on a much tougher line, according to Mr. Leo Hannett, district development planner who was appointed by the Chief Minister Mr. Michael Somare. Mr. Hannett said that big wages paid by the mining companies caused social problems.

Gopeng Consolidated reports an estimated pre-tax profit of £1.13m. for the six months to March 31 compared with £1.47m. in the same period of last year. Similar comparative figures for Pengkalen are: £260,000 and £191,000.

The Poseidon-Western Mining Mount Windarra nickel mine in Western Australia produced 2,381 tonnes of nickel metal contained in concentrates during the 12 weeks to March 25.

MINING BRIEFS

BISICHI-JANTAR—March: Tin output 62.04 tonnes, columbite 41.13 tonnes. Three months to date, tin 166.45 tonnes, columbite 109.72 tonnes (same period 1974: 211.60 and 144.22 tonnes respectively).

COMPANY NEWS IN BRIEF

BISICHI-JANTAR—December output: figures in metric tonnes: March: Tin 62.04, Columbite 41.13. Three months to date: Tin 166.45, Columbite 109.72. (Same period 1974: Tin 211.60, Columbite 144.22.)

COHEN BROS. (ELECTRICAL)—Results 1974 reported April 8. Fixed assets £89,276 (£82,200). Net current assets £374,699 (£320,110). Liquidity continues to improve, says chairman. Meeting, Manchester, May 20 at noon.

F. COPSON—Turnover, six months to October 31, 1974, £1,199,815 (£908,373). Profit £44,837 (£34,754) subject to tax £23,334 (£18,072). Board anticipate profits for second half will produce results for full year at least as high as previous year.

EQUITABLE REVERSIONARY INTEREST SOCIETY—Loss 1974 £31,429 (£19,686), increasing deficit carried forward to £49,839. Reversionary investments £149,364 (£224,835). Net assets £450,161 (£481,590). Ultimate holding company Equitable Life Assurance Society.

GRESHAM HOTEL—No dividend for 1974. Turnover £1,657,179 (£1,491,191). Loss £27,911 (profit £24,042) after crediting tax £16,949 (£16,445). Credit exceptional item nil (£40,628). Net current liabilities £105,563 (assets £128,726). There are too many political and economic uncertainties to be able to forecast 1975.

KUNICK HOLDINGS—No interim dividend (same). Net trading loss, six months ended November 30, 1974, £12,381 (£10,631). Exceptional items in connection with payments to former directors nil (£9,427). Loss on disposal of assets of subsidiary on cessation of trade £1,528 (nil). Loss total £13,909 (£20,058). Due to present economic situation Board does not consider it opportune to make any forecast regarding the second half.

LONDON AND MONTROSE INVESTMENT TRUST—Income, six months ended March 31, 1975, £336,617 (£323,733). Expenses £20,655 (£18,881). Interest £9,340 (£57,652). Taxation £120,712 (£84,079). Net balance £185,910 (£163,121). Preference dividend £8,400 (same). Interim dividend £96,000 (same). Net assets £15,037,201 (£15,170,333), equal to £1.57 (£1.58) per share.

LONDON AND STRATHCLYDE TRUST—Interim 0.4375p already known for the half-year ended February 28, 1975. Gross revenue £322,365 (£312,624), net revenue (after expenses and estimated taxation) available for Ordinary stockholders £67,234 (£75,590). Taxation £42,641 (£38,719). Absorbed by interim dividend £63,000 (£63,000). Earnings per Ordinary stock unit of 25p 0.47p (0.52p). Total assets, less current liabilities, at market value including full dollar premium of 74¼ per cent. (43½ per cent.) where applicable at February 28, 1975, £8,421,467 (£9,761,823, August 31, 1974). Net asset value per Ordinary stock unit of 25p after deducting prior charges at par 38p (29p).

LONDON ELECTRICAL AND GENERAL TRUST—Gross revenue, nine months to March 31, 1975, £656,642 (£539,922). Interest, expenses and tax £353,779 (£305,432). Earnings per share 2.09p (1.78p). Net asset value per share 80p (58p).

MOTOR RAIL—Board states that late publication (in December 1974) of the 1972-73 reports and accounts, together with the rationalisation of manufacturing facilities in April-May 1974 have caused a number of accounting problems. These have now been largely resolved and they would accordingly expect to announce the results for the group for 1973-74 during June.

NATIONAL FARMERS UNION MUTUAL INSURANCE SOCIETY—Life account—net premium income 1974, including consideration for annuities granted, amounted to £9.97m. During year new life policies were issued assuring £51.03m. At end of 1974, total life sums assured, including vested bonuses, exceeded £340m. To reflect low level of Stock Exchange quotations at December 31, 1974, a special investment reserve of £31.1m. has been created by transfer from life assurance revenue account. This has temporary effect of reducing the fund and the amount carried forward was £37.09m. Fire and accident account—Net written premiums amounted to £24.78m. Claims paid and outstanding were £14.92m. (60.26 per cent.). Commission and expenses absorbed £7.06m. (28.52 per cent.). After making provision for unearned premiums, a surplus of £1,143,621 has been transferred to profit and loss account.

RALEIGH INDUSTRIES (subsidiary of Tube Investments)—Results 1974 already known. Group fixed assets £13.24m. (£12.17m.). Current assets £44.02m. (£36.19m.) and liabilities £23.95m. (£17.48m.), including overdrafts £5.48m. (£3.52m.). Meeting, Nottingham, May 16 at noon.

REVERSIONARY INTEREST SOCIETY—Loss 1974 £27,216 (£30,168) increasing debit forward to £256,667. Reversionary investments £1,088,726 (£1,393,951). Net assets £366,523 (£613,749). Ultimate holding company Equitable Life Assurance Society.

SANGAMO WESTON (electric meters etc.)—Results 1974 reported April 2. Group fixed assets £2.37m. (£2.45m.). Net current assets £2.2m. (£1.81m.). Property valuation £4.01m.—book value £0.69m. Directors feel that valuation should be treated with reserve in view of variable market conditions for property. Meeting, Enfield, May 16, at 11 a.m.

SPONG AND COMPANY (hardware manufacturers and wireworkers)—Results 1974 reported March 29. Fixed assets £389,779 (£346,308). Net current assets £170,643 (£151,973). Chairman says good start made in 1975. Meeting, Basildon, May 15 at 11.30 a.m.

UNICORN INDUSTRIES—Results 1974 and observations on prospects reported April 8. Value of exports was (£000s omitted) £10,087 (£5,097) comprising EEC £4,825 (£3,987); other European £2,315 (£1,613); North and South America £988 (£679); Asia £1,765 (£810); elsewhere £1,021 (£1,008). Cash flows shows net decrease in liquid funds £3.24m. (£2.8m.). Fixed assets £8.79m. (£7.61m.). Net current assets £12.19m. (£9.84m.). Meeting, Windsor, May 22, at 2.30 p.m.

WARD WHITE GROUP (footwear)—Results 1974 already known. Group fixed assets £7.69m. (£7.59m.). Net current assets £8.72m. (£8.61m.). Export sales increased by over 40 per cent. to £4.49m. Meeting Higham Ferrers, May 16, noon.

WINSTON ESTATES—Final 0.53625p, making 0.955p (0.93625p). Turnover, year to 1974, £305,872 (£314,987). Profit £37,498 (£34,660), after tax of £61,378 (£68,580). Earnings per share 1.04p (0.93p).

WOOD AND SONS (HOLDINGS)—Results for 1974 reported April 17. Fixed assets at December 31, 1974, £488,354 (£482,041), net current assets £273,990 (£271,599). Chairman Mr. Francis Wood says despite prevailing economic climate the company still has strong order book. Sales this year have started buoyantly, and at the end of March turnover had increased by more than 50 per cent. While the demand for older traditional patterns remains unabated, the company has recently introduced a range of new designs which have had a excellent reception. For these reasons the directors are optimistic that this year will be one of continued growth. Meeting, Stoke-on-Trent, May 21, noon.

BIDS AND DEALS

Approach to Brock Group

Shares in the Brock Group of Companies rose sharply last night after it announced that an unnamed company was considering an offer for the Ordinary capital of the group. The shares closed at 60p, up 16p on the day, and at that price Brocks is worth nearly £5m.

Brocks is best known for its burglar alarms, which account for about one third of its business, and for its range of Seafarer marine navigation equipment more than 50 per cent. of which is exported. The company also makes car radios, tuners and other electrical equipment and is based in Dorset.

Unofficial estimates put the value of the burglar alarm market at about £15m., but this does not include the market for safes, locks, guard dogs and other property protection systems. Last year it was estimated that the total "security market" was in the order of £90m. a year, although since then sharply rising costs caused both smaller companies and private individuals to consider scaling down their investment in electronic equipment.

A number of large, and many smaller, companies cater to the market including AFA Minerva (a subsidiary of EMI), Chubb Alarms and Banham while there is also a number of major safe and lock makers.

Turnover of the Brock group has risen steadily in the last few years. In 1974 it recorded pre-tax profits of £1.01m. (£1.12m.) on turnover of £8.44m. (£6.80m.). Earnings per share were up from 9.1p to 9.2p and the dividend was held at 2.55p. Brocks intends to make a further announcement about the bid as soon as possible.

FOUR NEWSPAPERS CHANGE HANDS

The Monopolies Commission has approved the transfer of four newspapers owned by G. and A. N. Scott to the Guardian and Manchester Evening News. The Commission says that it does not think the merger constitutes a threat either to editorial independence or to continued publication of the four papers—the Rochdale Observer, the Rossendale Free Press, the Heywood Advertiser and the Moston Middleton and Blackley Guardian. Pre-tax profits of the G. and A. N. Scott group in the year ended March 31, 1974, was £246,000.

BRYANSTON FINANCE

In a lengthy reply to criticisms recently expressed by Mr. Juda de Vries of the proposed 7p a share offer for Bryanston Finance by a company owned by its chairman, Mr. Teddy Smith, the directors of Bryanston state that they have been advised that shareholders are being asked to agree to steps proposed by Mr. de Vries "that are not available in law and will merely put you and your company to unnecessary and irrecoverable costs."

The letter refers to the recently despatched offer document and says shareholders are advised to consider carefully the contents of this and the recommendation made by the independent directors of Bryanston, who were advised by Rowe Rudd.

CUSSONS GROUP

Paterson, Zochonis and Co., the soaps and general merchanting group which operates largely in South Africa, has extended until May 14 its bid for Cussons Group, the Imperial Leather soaps and toiletries concern.

Announcing this yesterday, PZ's advisers, J. Henry Schroder Wagg, disclosed that to date it has received acceptances in respect of 21.11 per cent. of the Cussons Ordinary shares and 48.94 per cent. of "A" Ordinary.

LESLIE & GODWIN

Leslie and Godwin (Holdings) has bought for £74,760 cash 50 per cent. of the capital of Union De Tecnicos Aseguradores, SA, insurance brokers operating in Madrid.

It has also acquired 50 per cent. of the capital of L. and G. Commercial, a company registered in Bermuda, not already owned. Value of the consideration was $U.S.6,001 in cash.

Both transactions have been financed by overseas borrowing.

CHAMBERLAIN PHIPPS

Chamberlain Phipps, the sh[...] products group, has agreed term[s] for the sale of its majority interest in Textile Bonding, whic[h] laminates textiles for a numbe[r] of industries, to Tootal whic[h] already has a minority.

Consideration is to be a cas[h] sum close to the net book valu[e] of the assets attributable to th[e] shares being sold.

When Tootal bought its minori[ty] interest some years ago it w[as] recognised that if the busine[ss] of Textile Bonding develope[d] away from the other business[es] of the Chamberlain Phipps grou[p] Tootal would acquire the remain[-]ing shares.

DOWDING & MILLS

Dowding and Mills, the Birmin[g]ham-based electrical equipmen[t] manufacturer, which is resisti[ng] a £5.1m. bid by the General Ele[c]tric Company of the U.S., ha[s] advised its shareholders in a lette[r] not to sign any of the documen[ts] sent to them.

Mr. K. H. Sharp the chairma[n] says he will be writing to shar[e]holders giving the Board's reaso[ns] for its recommendation late[r]. D. and M. shares closed last nig[ht] at 41p, down 1p.

BP OIL

BP Oil has now completed t[he] purchase announced on Janua[ry] 29, of Berry Wiggins' ro[ad] bitumen division on a goi[ng] concern basis.

In addition, BP Oil has tak[en] up a 50 per cent. interest in [a] joint company with Berry Wigg[ins] to continue to manufacture a[nd] market Berry Wiggins' Aquas[eal] and other bituminous produ[cts] for both the U.K. and expo[rt] markets.

TOBENOIL

Tobenoil, makers of automat[ic] packaging, bottle filling a[nd] labelling machinery, has acqui[red] Beth Label and Wrapp[ing] Machines, for £90,200 cash.

Net assets of Beth at the tim[e] of acquisition were about £75,00[0] largely comprising cash an[d] marketable securities, and [its] adjusted pre-tax profits for th[e] year to June 1974 amounted t[o] £31,000.

CHAS HURST

Charles Hurst is to acquire, su[b]ject to contract, the capital o[f] J. L. Reid and Son, for £110,0[00] £80,000 in shares and the balan[ce] in cash. Estimated value of ass[ets] being acquired £85,000. Th[e] directors estimate that prof[its] arising from the acquisition w[ill] be not less than £15,000.

SHARE STAKES

Central Province Ceylon Tea—Bandange Holdings has acquire[d] 40,000 Ordinary shares making [a] total holding 600,000 shares.

W. Canning—Norvic Securit[ies] now holds 1,080,050 Ordina[ry] (10.005 per cent.).

Sealed Motor Constructio[n] announces that notification ha[s] been received to the effect th[at] Myson Group has increased i[ts] holding in the Ordinary capit[al] from 550,500 shares (10.09 pe[r] cent.) to 695,500 (12.645 per cent.)

Shanghai Electric Constructio[n] now holds 276,229 Ordinary share[s] in Manchester and London Inve[st]ment Trust.

Bricomin Investments—a su[b]sidiary of British and Commo[n]wealth Shipping—on April [..] acquired a further 22,500 C[...] Offices Ordinary at 44p. Th[is] increases its holding to 5,885,0[..] shares (25.72 per cent).

Pentos has acquired a furth[er] 55,042 Concrete Ordinary shares [as] a result of taking scrip in lieu [of] dividend. Total holding is no[w] 1,885,334 (about 20.27 per cent.).

Osborne Group has acquired [a] further 10,000 Ordinary shares [in] Kimpher. With associates it [is] now interested in 388,500 shar[es] —22.8 per cent. of the voti[ng] shares in issue.

£2.4m. increase from Clarke Chapman

INCLUDING A full year's contribution from the ICL Group, profits of Clarke Chapman (mechanical and electrical engineers) for 1974 have jumped £2.4m. to £8.74m.

After heavier tax, net profit came to £3.71m. (£2.54m.). Earnings are 11.47p (11.34p) basic and 11.12p (10.88p) fully diluted. A final dividend of 2.87p raises the net total from 3.75p to 4.87p.

	1974 £000	1973 £000
Turnover	[illegible]	[illegible]
Profit before tax	[illegible]	[illegible]
Taxation	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
Minority	[illegible]	[illegible]
Extraordinary credits	—	[illegible]
Available	[illegible]	[illegible]
Preference dividend	21	21
Ordinary	[illegible]	[illegible]
Retained	[illegible]	[illegible]

As a result of a reassessment of the long-term contracts of the ICL Group, the directors believe that the net assets of that group at January 1, 1974, should be reduced by some £2.6m. after full tax relief. After making this adjustment through capital reserves the net assets of ICL acquired exceed the purchase consideration by £1.37m.

See Lex

major products increased throughout the world due to the general state of world trade and the special situations created by the sharply rising price of oil.

In 1974 the increased costs of stocks and debtors was £21.8m. the amount of £7.4m. was invested in fixed assets throughout the group and the Board had at this year end authorised further expenditure of £20m. "There seems little evidence at the moment that the rate of inflation will abate this year and we have to take this into account in our financial plans."

Meeting, Connaught Rooms, W.C., on May 22 at 12 noon.

Bridon sees long-term expansion

BASED ON information at present available Mr. H. Smith, chairman of Bridon says that, while it is unlikely that the group will achieve the same level of profit as last year, he thinks it will come fairly close.

In the longer term the company has excellent opportunities to continue its expansion overseas both through the existing companies and by the creation of additional companies in areas of growing demand. Much of this new demand can only be met through local manufacture due to import restrictions but, nevertheless, the company has so far been able to increase its U.K.-based exports steadily against a fairly static level of home demand and therefore maintain employment in its U.K. factories.

The company will continue to operate as effectively as it can in the U.K. and expand its operations here whenever this is viable. Mr. Smith thinks the U.K. in addition to supplying local demand could remain the main base for the company's overseas trade and that this will expand so long as the company does not suffer too severely from unreliable supplies and services.

For some activities, particularly wire manufacture in the U.K., the company is affected by the general drop in trade and it seems certain that output in 1975 will again be below capacity, this time due to lack of orders rather than shortages of steel.

As reported on April 4, profit before tax for 1974 expanded from £9.06m. to £10.88m. and the dividend is lifted from 5.3765p to a maximum permitted 5.7395p.

The company's investment policy is aimed at maintaining the competitiveness of its plants and expanding its capacity where necessary. This has included over the last five years capital expenditure in the U.K. totalling £10.9m. with £3.2m. being spent during 1974 and a further £3.4m. already authorised for the future.

Demand for all the company's

Spear and Jackson optimistic

Results for 1975 of Spear and Jackson International should continue to show improvement, states chairman Mr. S. M. de Bartolome in his annual review.

He states that the group is feeling the effects of the recession in the U.K. in the form of lower orders in hand and in a slowing down of incoming orders. He goes on to make the point that the larger part of the group's business in the U.K. is dependent on the DIY trades, the home and garden which are less seriously affected by the current economic climate.

Referring to the overseas companies the chairman states that conditions are generally more favourable, with the possible exception of the U.S. and he is looking for a substantial increase in overseas earnings.

A geographical analysis of pre-tax profit for the year to December 28, 1974 shows (£000): U.K. £754 (£854), Europe £243 (£11), North America £316 (£223), Australia £293 (£270), making 1,606 (£1,358). Dividend total, as known, is 2.6272p net (2.2553p).

Meeting, Sheffield on May 20, at 9.30 a.m.

Brycourt Inv. £15,440 net at midway

After interest, management charges and tax up from £136,481 to £163,176, net income of Brycourt Investments was £15,440 (£67,233) for the half-year to March 31, 1975.

Income was £178,616 (£203,664). The directors say that too much attention should not be paid to the apparent sharp fall in net income at this stage. Comparable figures for the same period last year included a substantial amount of deposit interest received on cash which has since been invested in securities and on which the bulk of dividend income is not received until the second half.

For the 12 months to September 30, 1974, net revenue was £128,338 and the dividend 1.875p net.

Chairman Mr. David Montagu reports that the company's application to Inland Revenue for approval as an investment trust has finally been rejected in respect of the initial period to September 30, 1973.

Since then he is quite confident that the company has complied with all the requirements for investment trust status and they expect to receive formal approval in due course for the year ended September 30, 1974.

Wm. Nash exceeds forecast

COMPARED WITH a halftime prediction of about £726,000, pre-tax profit of specialist paper makers William Nash more than doubled from £375,000 to a record £777,000 in 1974.

The directors expect the current year to be difficult with demand "substantially reduced."

A final dividend per £1 share of 3.5p net raises the total from 6.3p to 12p. The company is close.

Turnover was £8.26m. (£5.88m.) and net *profit* £419,000 (£210,000) after £358,000 (£165,000) tax. The profit includes a debit of £36,000 for extraordinary items.

The halfway forecast by the directors was that the result for the second half was expected to be similar to the first, when pre-tax *profit* was up *from* £74,000 to £388,000.

Loss by British Dredging

FOR THE nine months ended *December 31, 1974 British Dredging Company reports* a pre-tax loss of £208,000 reflecting a deficit of £496,000 on dredging and related activities. In the previous 12 months there was a group profit of £434,000.

Loss per 25p share is given at 1.9p and no dividend is to be paid. Last year's total was 1p net.

The directors say that the effect of the price controls in the earlier part of the period, and the protracted recession in the building and construction industry have had a *considerable effect* on the expected level of business. The high rate of inflation resulting in large increases in costs has seriously affected margins, especially in the latter part of the period. In particular the downturn in trade has meant underutilisation of productive capacity in the aggregates division.

	Nine months 1974 £000	Year 1973-74 £000
Turnover	11,891	15,684
Group loss	†231	*350
Associates' profits	23	94
Loss before tax	208	*444
Tax credit	5	†112
Net loss	202	*332
Minorities	8	47
Extraordinary debits	58	124
Balance	268	*347

* Profit. † Charge. ‡ Comprising dredging and related activities loss £496,000; builders' merchants profit £72,000; building and structural engineering profit £[illegible].

CHANCERY CONSOLIDATED

The annual meeting date of Chancery Consolidated was stated incorrectly yesterday; it should have read May 28. Also the company has no interests in marine engineering.

House of Fraser sales rising

SIR HUGH FRASER, chairman of House of Fraser, the department store group, confidently predicts in his annual statement that the budgeted target of a further sales increase of around 25 per cent. can be achieved in the current year.

The profit from those sales continue to be adversely affected by rising costs, but these are being successfully contained, he adds.

After the "very successful" January sales (the results of which were included in the 1974-1975 figures) trade tended to fall off a little, particularly in London, but since then the level has been well maintained.

As reported April 3, group pre-tax profit in the year ended January 25, 1975 amounted to £19.58m. (£20.52m.); and the dividend is a maximum permitted 3.09p net (3.28p).

In the current year the group is benefiting from much of the additional selling space detailed a year ago.

Referring to the Army and Navy Stores' rebuilding programme, Sir Hugh points out that major developments like this must involve some temporary loss of trade, but Guildford, Leamington, Camberley, Chichester and Dorchester are now trading in their fully developed form and are producing increased trade of around 35 per cent. this year.

The group balance-sheet shows that cash at January was down from £8.37m. to £1.72m., while overdrafts and short-term loans were up from £14m. to £15.35m.

Capital commitments outstanding at the year-end totalled £3.85m. (£4.34m.) and there was a further £9.42m. (£3.53m.) authorised but uncontracted.

The report reveals that Sir Hugh's beneficial and family interests in the company's equity increased from 687,496 to 1,102,496 shares over the year, while his holding as trustee was up from 1,862,146 to £2,202,146. CHI Holdings of the U.S. holds 20.55 per cent. of the equity.

Meeting, Glasgow, June 24 at noon.

Stag Line to hold dividend

The directors of Stag Line state that profits for the year to October 30, 1975 will not reach the record £1m. achieved last year, but they expect to recommend an unchanged 9.42p net dividend. A maintained interim of 3.5p has already been paid.

S. Casket ahead at halfway

DESPITE THE economic conditions the directors of S. Casket (Holdings) are still hopeful of producing record results for the year to June 30, 1975.

For the first half, profits have risen from £267,045 to £304,612. The interim dividend is stepped up from 0.625p to 0.7p net per 10p share; a 1-for-10 scrip issue is proposed and it is intended to maintain last year's dividend rate —1.8073p—on the enlarged capital.

After tax £155,000 (£139,000) and minorities £3,348 (£2,191), the half-year net attributable profit was £146,264 (£125,854).

Casket acts as clothing manufacturers, distributors and retailers.

London Capital Secs. plans repayment

London Capital Securities, the secondary bank founded by Mr. John Stonehouse, the MP who now faces extradition proceedings in Australia, says it has reached agreement with the Crown Agents on a formula for repaying its £330,000 debt to the Agents.

Mr. John Broad, a senior LCS executive, said the loan would be repaid in instalments over the next six months and the first one had already been paid. LCS has made provision of nearly £800,000 for its debts and, when it has completed its repayments to the Agents, will be left with assets of about £250,000, an LCS spokesman said. The Crown Agents also have a 10 per cent equity stake in LCS which was founded in 1972 as the British Bangladesh Trust by Mr. Stonehouse.

A Department of Trade inquiry into the affairs of Global Imex, Export Services and Promotion Connoisseurs of Claret and LCS is continuing. *All four companies* were associated with Mr. Stonehouse.

Laurence Scott in profit

MAKERS OF electrical machinery and control gear Laurence Scott has eliminated its first half loss of £451,000, as expected, and finished 1974 with a profit of £52,547, against £1.35m. previously.

And the upward trend has continued into the current year, the directors state.

There is an attributable loss of £42,183 (profit £720,427) equal to 0.6p (9.15p) per 25p share. The dividend is raised from 2.43p to the forecast 2.5p net, with a final of 1.8p.

	1974 £	*1973 £
Turnover	17,556,000	18,315,000
Depcn. leasing	403,677	345,763
Interest paid	111,157	35,098
Profit before tax	52,547	1,351,473
Taxation	97,115	683,561
Net loss	44,568	†667,912
Minorities	695	976
Extraord. items	2,990	53,491
Attrib. loss	42,183	†720,427

* Figures restated. † Profit.

The directors point out the policy followed in valuing stock and work in progress had been changed during year in 1974 in accordance with the recommendation of the Accounting Standards Steering Committee.

All principal works are well loaded for 1975, the manufacture of equipment for North Sea oil being a major activity.

● comment

Laurence Scott's revised first-half figures highlight the changes required by the new accounting standards. More overheads are now credited to work-in-progress, so higher production but lower shipments in the three-day week effectively capitalised an extra £0.3m. of intermediate cost. Naturally, the second half produced a correction in the shipments trend, so an upswing into the black of about £160,000 looks equally distorted. Poor estimates of the rate of inflation, coupled with a long (12 months) production cycle, created the real problem in 1974. This year, the group is budgeting for an inflation rate of about 2½ per cent. a month—not 15 per cent. a year—and flexible tendering in bespoke North Sea contracting apparently tolerates this margin. At 30p, the shares yield 11 per cent.

Hartle sees satisfactory year

Mr. D. Hartle, chairman of Hartle Machinery International tells members in his annual statement that he looks forward with reasonable confidence to a satisfactory year. The Board will intensify its efforts to ensure that the group operates to the fullest possible benefit of customers, shareholders and employees.

The scarcity of skilled labour was such that at some of the group's factories it was prevented from taking the fullest advantage of order potential which resulted in it losing business to foreign competition last year.

Order books at present are reasonably strong, with one or two exceptions, and, although certain markets have shown definite signs of weakening, new areas are being developed and the group's policy is to continue widening the world demand for its products, thereby reducing its dependence on the home market.

As reported on April 5 pre-tax profit for 1074 expanded from £306,400 to £406,900 and the dividend is lifted from 1.949p to 2.15p.

There was a £5,000 compensation payment to a past director.

Pillar Engineering holds 15.5 per cent. of the company.

Meeting Manchester on May 22 at 12 noon.

Babcock & Wilcox to improve

MR. J. L. KING, chairman of Babcock and Wilcox, says that if the group is permitted to concentrate on its management objectives he believes that 1975 will show further improvement.

Order books both at home and overseas are strong and capital investment in manufacturing continues.

As reported April 10 in a full preliminary statement group pre-tax profits increased to £9.88m. in 1974, compared with a forecast of a figure similar to the £8.16m. achieved in the previous year.

Mr. King explains that most of the increase was brought about by an exceptionally high share of profits in associates due to the reversal of the greater part of a provision made in 1973 by British Nuclear Design and Construction.

A statement of source and application of funds shows that there was a net inflow of liquid funds of £1.85m. (£9m. outflow).

Year-end capital expenditure sanctioned totalled £8.25m. (£6.78m.).

Meeting 21, Tothill Street, S.W., May 23, at 12.30 p.m.

Westward setback—no interim

FIRST HALF (ended January 31, 1975) profits of Westward Television have fallen from £236,323 to £73,493, and holders are not getting an interim dividend.

Chairman Mr. Peter Cadbury forecasts that the second half will show an improvement on the comparable 1974 six months—a "disastrous period (there was a £30,000 loss) which we hope will never be repeated."

Current sales are 40 per cent. up on the comparative months of 1974 and if this trend continues the chairman hopes to have more cheerful news in his annual review.

He regrets the absence of the interim, but says he is cautiously optimistic about the final—for 1073-74 an interim of 0.4432p net was followed by a final of 0.8798p.

Explaining the first half profit fall Mr. Cadbury points out that a fall of 2.9 per cent. in sales—to £1.42m.—and £30,406 in sundry income taken together with an increase of 10 per cent. in expenditure has had a total adverse effect of £208,731. Relief from the Levy threw up a saving of £45,901.

The IBA has invited Westward to extend its contract to 1979 which the group intends to accept, subject to certain safeguards and conditions.

Cannon Street to apply for requote

Cannon Street Investments is expecting to apply for requotation in the late summer, the chairman Mr. W. T. Hislop says in his review with the company's accounts for the 20 months to December 31, 1974.

Mr. Hislop says that the application will be made when a forecast of profits for 1975 can be made with accuracy and upon which reliance can be placed.

In January of this year the shareholders of Cannon Street approved a capital reconstruction under which National Westminster Bank became the ultimate holding company with a holding of 63.6 per cent. of the Preferred Ordinary shares.

The group profit and loss account for the 20 month period disclosed a loss before tax of £787,000 compared with a profit of £3.5m. for the year to April 30, 1973. The loss attributable to members of the company is £1.69m. compared with a profit of £2.1m.

In his review Mr. Hislop says that the policy of the group is to reduce bank borrowings at the earliest possible date, to strengthen and develop the unquoted companies upon whose profits the group now largely depends and to retain and wherever possible develop its investments in the associated companies. On the prospects, he says the performance of the companies to date is satisfactory.

Safeguard advance

Revenue before tax of Safeguard Industrial Investments expanded from £185,537 to £220,572 for the six months ended March 31, 1975.

The directors state that the increase in revenue is very satisfactory but is unlikely to be repeated in the second half of the year.

The interim dividend is 0.7p (same) net. Last year's total was 2.7p from profits of £476,167.

R. DUTCH SHELL

Royal Dutch Petroleum and "Shell" Transport and Trading will jointly issue their report on the results of the Royal Dutch/Shell Group for the first quarter 1975 on May 15.

At the same time, the AGM of each company is due to commence in The Hague and London respectively.

DINKIE HEEL

Since the announcement on April 17 Dinkie Heel Company has been advised by the Treasury that the dividend total for the year exceeds the amount permissible under current Government measures. The final dividend will therefore be paid at 0.295p per 5p share net instead of the 0.30p announced, making a total of 0.585p (0.54p).

Grindlays Bank uptrend

PROFITS OF Grindlays Bank have improved substantially in the first quarter of the current year, at more than £4m. pre-tax against just under £2m. last year. Nevertheless, the group faces continued problems in earning the larger profits necessary to match the level of inflation, and in earning enough profits in the U.K. to use up the £11.6m. of tax losses available in the Brandts merchant banking subsidiary.

In his annual statement the chairman, Lord Aldington, details the effect on profits of the large special provisions made last year. Group operating profit was just over £2½m., and would have been higher but for a larger than usual charge for bad and doubtful debts and a provision for the drop in the value of portfolio investments, excluding dated gilt-edged, of just over £3m.

A total of £8.9m. pre-tax has been put aside as an additional transfer to the general provision against advances, £4.8m. of it in Grindlays Bank and £4.1m. in Brandts. The group pre-tax loss is £6.6m., while after the effect of overseas tax the final loss is £9,998,000. This, the chairman points out, reduces the group's capital resources by an important amount.

The chairman says the group is consulting with its two big shareholders, Lloyds Bank and First National City Bank, "with a view to securing an appropriate increase in our capital resources, by equity, loan stock or a combination of both." It is intended to increase the authorised capital of Grindlays Bank by £10m. to £30m. At the same time, steps have been taken to hold the total group business at around the level of the end of 1974, "allowing for contraction in some places and sound expansion in others, particularly in business producing profits taxable in London."

Lord Aldington says that the bank's operating profit excluding Brandts but including associates was £10.3m., with overseas results showing an improvement of very nearly £4m. over the 1973 figures. Results of London operations were adversely affected by high interest rates particularly in funding the large gilt-edged portfolio.

Detailing the problems of Brandts, the chairman says that while the bank had a good year in some activities, particularly international lending and shipping finance, its £90m. prop[erty] lending portfolio, as known, [was] the main cause of trouble. [Of] this, around 70 per cent. wa[s in] relation to commercial prop[erty] with 20 per cent. in residen[tial] and 10 per cent. for indus[trial] property.

Specific provisions of a[bout] £7m. have been made on prop[erty] loans after a detailed rev[iew]. Other advances gave rise [to a] further net provision of £[illegible]. Brandts also had to provide £[illegible] for the diminution in the [value] of its portfolio investments[illegible] the £4.1m. general provision brought the total to £14[illegible] Brandts' profit was also red[uced] by the need to eliminate [illegible] profits interest on the debts [pro]vided for and on some others.

Lord Aldington argues that [the] diversity of the group's operat[ions] gives it a wide range of op[por]tunities and a good spread of [illegible]. He looks forward to maintai[ning] the bank's position as a Lon[don] based and controlled bank [with] Anglo-American links and man[age]ment support from Citibank [as] well as the business suppo[rt of] Citibank and Lloyds.

Lyon & Lyon earnings increase

From decreased turnove[r of] £3.13m. against £3.58m. Lyon [&] Lyon achieved an increas[e in] group profit after tax [from] £105,263 to £115,370. At hal[f-time] the rise was from £36,34[illegible] [to] £38,393.

Earnings per 25p share [are] shown at 3.29p (2.9p) and a [final] of 1.09375p net raises the [divi]dend total from 1.75p to £.9[illegible]

There are extraordinary cr[edits] of £3,016 (£68,333).

The group operates as barge operators, ship and builders and repairers and main dealers.

NORTH ATLANTIC SECURITIES

North Atlantic Secu[rities] Corporation has gained a q[uota]tion for £2.2m. of 7½ per [cent.] Convertible Unsecured Stock 1985-86 which was [issued] by way of rights on the [basis] of £1 of stock for every [illegible] shares at par.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield
–	F.P.	–	£35¼	£33	Bell Canada ($25)	£33¼	−⅛	–	–	–
§	F.P.	–	£21¼	£17¼	Cont. Can. Inc. $US1	£20¼	.....	$1.6	–	[illegible]
§R2	Nil	–	46	28	Doornkraal Gold Mining	46pm	+17	–	–	–
[illegible]	F.P.	–	135	120	Ewart New Northern	135	.....	–	–	–
[illegible]	–	–	32p	30p	Kenrick Conv. Unit 10p	30p	−2	–	–	–

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price
£100	F.P.	–	100½	99⅝	Agric. Mort. 11% 1976	99¾
$98	F.P.	–	$95½	$95¼	Grangex 9½% Bonds 1985	$95¾
£97¾	£10	–	9¾	8⅞	G.L.C. 12½% stk. 1982	8⅞
[illegible]	F.P.	22/5	100	10[illegible]	Greenwood & B. 10% Uns. 1976	100
£99	£25	30/5	55¼	49½	Lincoln Corp. 13% 1980	52
††£99	F.P.	30/5	105½	101	Mid-Kent Water 10% Prf. 1980	105½
[illegible]	£10	25/5	15½	11¾	Mid-Southern Water 10% Prf. 1980	15½
$98	F.P.	–	$98	$96½	Ottawa-Carleton 9% Deb. 1900	$96¾
$99	F.P.	–	$101	$92½	Papua New Guinea 9½% Guar. 1983	$99½
††£75	F.P.	–	105¼	100	Rickmansworth & Uxbridge 10% Prf. 1980	104½
£100	F.P.	–	144	122	Slough Estates 10% Conv. Uns. '87/90	140
£99¼	£45	1/8	46¼	44¾	Southend-on-Sea 12½% 1981	45
£99	F.P.	11/4	106	[illegible]	S. Staffs. Water 10% Prf. 1980	104½
[illegible]	F.P.	18/4	106	101	Sutton District Water 10% Prf. 1980	106
[illegible]	F.P.	21/5	28	18	Vavasseur 6½% Prf. 1981	28
£99¼	£10	11/7	11½	10¼	Warwick County Council 12½% 1980	11
–	F.P.	14/2	96	60	Worth Bond 12% Cnv. Uns.	86
[illegible]	Nil	2/10	47	18	Yorks Chem. 12½% Conv. Ln. 87-92	27pm

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date †	Latest Renunc. Date ‡	Stock	Closing Price p
35	Nil	–	–	Assoc. Biscuit	18pm
10p	Nil	–	–	Aurora Holdings	1¾pm
80	F.P.	11/4	23/5	Barratt Devs.	99
88	F.P.	11/4	9/5	Beatsbell	116
85	F.P.	7/5	16/5	Bridon	135
25	F.P.	28/4	30/4	Camford Eng.	30
185	F.P.	16/4	16/5	Consolidated Gold Fields	265
10p	Nil	–	–	Croda Int.	49½pm
55p	Nil	–	–	Delta Metal	12pm
8[illegible]	F.P.	7/4	2/5	E.M.I.	145
$1.90	Nil	–	–	Ex. Lads.	85pm
R2.6	F.P.	–	–	F.S. [illegible] R1	203
55p	Nil	–	–	Fothergill & Harvey	18pm
R32	Nil	–	2/5	General Mining	5pm
130	F.P.	9/4	22/5	Guardian Royal Exchange	195
175	Nil	–	–	G.K.N.	51pm
25	F.P.	16/4	16/5	McPherson (D)	32
185	F.P.	11/4	2/5	Midland Bank	260
60	Nil	–	–	Morgan Crucible	25pm
–	F.P.	18/4	5/5	Nat. Bank Australasia	250
36	F.P.	–	–	Rolls-Royce	53
Kr60	Nil	–	–	S.K.F. "B"	20pm
58	F.P.	2/4	16/5	Sketchley	60
77	Nil	–	–	Spirax-Sarco	32pm
90	F.P.	22/4	22/5	Steetley	113
190	F.P.	29/4	1/5	Tube Invs.	265
39	F.P.	11/4	9/5	Unigate	45½

Renunciation date usually last day for dealing free of stamp duty. *a* [illegible] price to public. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part capital, cover based on dividend on full capital. *g* [illegible] unless otherwise indicated. *u* Forecast dividend: cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ‹ Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ‡ [illegible] by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ¶ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ‡ With warrants.

CO-OPERATIVE INSURANCE SOCIETY LIMITED

CHAIRMAN'S REPORT

مكنامن الأصل

At the 107th Annual General Meeting of the Co-operative Insurance Society Limited held in Manchester on 30th April 1975 Mr. H. A. Toogood, Chairman, reported:

"My report last year emphasised the serious effect of inflation on the economy and indicated that a rate of inflation of 15 per cent. or more was being forecast for 1974. In fact, in that year the rate of price inflation reached 20 per cent and has since increased still further. The rate of wage inflation is even higher. Such a situation has very serious implications for the insurance industry, particularly for life assurance business, and my report this year must inevitably concern itself with these problems.

Inflation and Life Assurance

Inflation has been with us since the war, but it is a measure of how dramatically its scale has changed in recent years to realise that we would all eagerly return to the inflationary levels of two years ago, which were then regarded as unacceptable in the long term. Alas, without a firm resolve by the community as a whole, price inflation will be brought down only slowly from the 20 per cent. to 25 per cent. range, and there are dangers that under the pressure of wage demands it might rise still further. In these circumstances *I would be failing my duty if I* did not emphasise the grave consequences for the life assurance industry and, in turn, for the economy, of a failure to tackle the country's present problems with the leadership, courage and resolution that they demand.

Life assurance is a labour-intensive industry with a business consisting of fixed-price contracts. The premiums on the vast volume of business in force cannot be increased, and as the costs of running the business, mainly wage costs, rise because of inflation, they absorb an ever-increasing part of the premiums. If inflation is at a modest level, the rise in costs can be matched by a corresponding growth in total premium income arising from increased new business, but with inflation at its present rate there is no way in which new business can be obtained on a scale sufficient to enable the total premium income to grow in step *with inflation.* Even if the present levels of new business were doubled or trebled, the total premium income would not increase on that scale. Consequently, the proportion of the total premium income absorbed in expenses grows, and the proportion available for investment to provide *policyholders with a* return on their savings is progressively reduced. Moreover, with inflation robbing money of its value at the present rate, there is no way in which life assurance companies—or any other organisations catering for people's savings—can at present invest the moneys entrusted to them to produce a return that would offset the effect of inflation. The best that can be done is to minimise the negative return on the investment of the savings.

At present new life assurance business is buoyant, but those who take out new policies are doing so in the belief that the necessary actions will be taken to reduce the rate of inflation so that, over the whole term of the policies, their savings will earn a satisfactory return in real terms. However, the longer inflation remains at its present high level, the nearer comes the time when, because of the effects I have described, prospective policyholders will no longer believe this.

It is potentially a very serious situation. Insurance companies are doing what they can to contain *labour costs by extensive* rationalisation and reducing the work involved in running the business. At the CIS we have introduced many changes over the years to improve working efficiency but it will be essential to do much more. For example, in the Industrial life business it will be necessary to eliminate as soon as possible any more frequent collection of premiums than monthly, so as to reduce the labour cost involved in collecting each £1 of premium. I must emphasise for the benefit of critics of home service insurance that there is no saving to be achieved by transferring the collection of premiums from our door-to-door method to collection by post or through the banks. Where there is a large number of premiums to be collected in the same area, collection from door-to-door is materially less expensive than by post or through the banks.

We also intend to reduce the number of our district offices, especially in the older urban areas, where it is possible to close some district offices with a minimum of dislocation, transferring the agents and clerical staff to adjacent district offices and allowing natural wastage to reduce the number of clerical staff. We believe that, with the co-operation of everyone concerned, a proper quality of service, which is the essence of home-service insurance, can be provided through our full-time agency force, backed by a rationalised district office network.

I have outlined some of the steps that we at the C.I.S. will be taking to try to contain the increase *in* the proportion of our life premium income absorbed in expenses. Other companies also will be *introducing measures* which have the same object of reducing the number of staff employed in relation to the premium income and the level of new business. However, there is only a limited amount insurance companies can do to offset the effects of inflation at *its present rate, and as long as* it continues at its present level there is no possibility that we or any other insurance company will be able to prevent an increase in expenses relative to life premium income.

The solvency of the Society (or of any other properly-*managed life insurance company)* is not in question. Our reserve strength, as I describe in more detail later, is very great. I have, however, felt it essential to refer frankly to the serious prospects that we, in common with the rest *of the insurance industry,* are having to face. Successive Gov*ernments have proclaimed* their intention to bring inflation under control, but it has increased to levels that can inflict terrible damage on the life assurance industry and other *long term* savings institutions. The price exacted by a continued *failure* to take effective action will be a heavy one. A healthy savings industry is as essential to the well-being of the economy as manufacturing industry and unless the Government, employers and trade unions are prepared to show leadership and win the support of the people for the temporary sacrifices that are needed, then inflation will destroy the capacity of the life assurance industry and other long term savings institutions to fulfil their role. This can only do incalculable harm to the economy and to the welfare of the people.

The Government's proposed "guarantee scheme"

Before I review the Society's operations in 1974 in detail there is one other matter on which I must comment, namely, the proposal by the Government to introduce a so-called guarantee scheme for insurance policyholders.

During 1974 two small life insurance companies, which had expanded rapidly, failed. In one case the company had issued large volumes of "guaranteed bonds" at single premiums *carrying guaranteed surrender* values. With the general rise in interest rates to unprecedentedly high levels it became advantageous to many policyholders to surrender their bonds because they could invest the proceeds of surrender to greater advantage. The flood of surrenders imposed great strain on the company, which consequently failed. In the other case the issue of guaranteed bonds contributed to the failure, but the company had also invested a high proportion of its assets in a speculative property investment.

As a result of these failures, and because a number of other small insurance companies got into difficulties during 1974 because of unwise management, the Government stated in the Queen's Speech last November that it proposed to introduce further measures for the protection of insurance policyholders.

If by this the Government had meant that it proposed to introduce legislation to prohibit the kind of management practices that had led to the difficulties experienced by these insurance companies, then we would have whole-heartedly supported the proposal. *Such legislation would* have been a comparatively simple matter. It appeared, however, that the Government was not thinking of introducing the necessary prohibitory legislation despite the clear need for this. Instead it was proposing to *introduce a so-called guarantee* scheme under which policyholders in other insurance companies would be levied in order that benefits to policyholders in an insurance company that failed should be paid at a higher level than the company's assets could support. *Even worse,* they could be levied to provide funds for an insurance company in difficulty, in order that another company could be persuaded to take it over.

There is naturally great sympathy, which we share, with *policyholders who suffer because* of the failure of fringe life assurance companies, especially when, as a result of the cumbersome liquidation laws, even partial payment of the moneys due to these policyholders is delayed for many months, or even years, causing great hardship. The main reason, however, for the failures of these life insurance companies was their promise of an excessive (and purportedly "guaranteed") level of benefits on their policies, which they had been unable to fulfil when investment conditions became adverse. Soundly-managed life insurance companies protect against this eventuality either by having substantial capital or by issuing an adequate proportion of their policies on a "with-profit" basis, i.e. with a low level of guaranteed benefit but with the policyholder having the right to receive bonus additions to his policy out of the profits of the company. In these companies adverse conditions can be met by reducing bonuses. It would thus be very unfair to levy the millions of small savers with life assurance policies in sound companies such as the C.I.S., who may themselves be suffering reduced bonuses, so that excessive benefits could still be paid to policyholders in companies that failed because of the extravagant promises they had made.

We therefore made strong representations to the Government, pointing out just how unfair and how undesirable their proposals actually were. Several major trade unions, and the insurance industry, did likewise. What is required is not the so-called guarantee scheme but legislation prohibiting unsound management practices, and providing that if a life insurance company should nevertheless fail, the liquidator is required to continue payments to policyholders at whatever reduced level the assets of the company will cover. This would bring life insurance companies into line with friendly societies, which transact a substantial volume of life assurance, but which are not within the scope of the Government's scheme because they already have this power to scale down benefits on policies if it becomes necessary to do so. Provided the Department of Trade officials carry out their statutory duties promptly, this scaled-down level should always be in excess of 90 per cent. and may be virtually 100 per cent., because insurance companies are not permitted to trade unless they have the quite *substantial excess of assets over* liabilities required by law.

Through the good offices of the Co-operative Members of Parliament, who take a keen interest in consumer protection, the C.I.S. put specific proposals to the Secretary of State for Trade for legislation that would *prohibit the kind of management practices* that had led to the recent failures of life assurance companies and would modify the liquidation laws to facilitate earlier payments to policyholders. The Secretary of State, however, has insisted on introducing a Bill into the House of Lords which gives power to levy innocent policyholders but which does nothing to stop unsound management practices or alter the archaic liquidation laws. These proposals were in fact prepared by the civil service before the Labour Government came into office and have not been materially modified despite representations from many quarters. They may relieve the civil service of responsibility, but they are completely against the interests of the small saver. We are therefore forced, along with the trade unions and the insurance industry, into doing our utmost to secure the rejection by Parliament of this measure and its replacement by a genuine policyholder protection Bill.

I come now to comment on the Society's results for 1974, and I would draw your attention to the alterations we have made in the form of the balance sheet, which, in accordance with the Insurance Companies Act 1974, now shows the liabilities and assets attributable solely to the long-term business (i.e. life assurance business) as well as the liabilities and assets of the Society as a whole.

Investments

Apart from the large purchases of shares of The Oldham Estate Company, the Society undertook little in the way of new long term investments during 1974. The heavy and continuous fall in the prices of fixed *interest stocks* and ordinary shares reflected the extent to which confidence was undermined by the lack of financial realism and discipline implicit in a situation in which an increased share of our national resources was allowed to be absorbed in consumers' expenditure and central and local government spending whilst a huge deficit on the country's overseas trade was met by borrowing from a variety of overseas lenders. Ordinary share prices were also affected by the concern about the effect on companies' profitability and financial strength of the big increases in their operating costs at a time when their prices and profit margins were subject to restriction. The property investment market was not only depressed by the general economic situation, but was reduced to almost total inactivity for much of the year by uncertainty about the Government's policy towards commercial rents and its intentions in regard to the regulation and taxation of property development.

Against this bleak background, and with short term interest rates continuing at a high level until near the end of the year, the Society's accruing funds were largely held in short term investments whilst we awaited indications of a more resolute and realistic approach by the Government to the country's economic problems. There were also some sales of existing investments, the proceeds of which were only partly reinvested in securities, the remainder being also held temporarily in short term investments. The effect of this investment activity on the Society's portfolio is to some extent exaggerated in the balance sheet figures since, as indicated in the notes to the accounts, investments are shown in the balance sheet at cost and, in many cases, sales (and, consequently, re-investments) were at much lower prices than the cost prices of the investments sold. The increase in property investments mainly represented the provision of finance for developments authorised in earlier years: no new propositions for property developments in this country were accepted during the year.

Because of the fall in the values of investments during the year, transfers have been made to investment reserves of £115 million from the life fund and £11 million from general reserve, and I refer to these transfers again later. After deducting the *investment reserves, the aggregate amount of the investments* shown in the balance sheet is less than their market value, or realisable value in the case of unquoted investments, on 31st December, 1974.

Since the end of the year there has been a big increase in the values of quoted securities and *a valuation of the Society's* investments at the present time would show an increase over the valuation at the end of last year greater than the amount of the transfers that were made to investment reserves.

Oldham Estates

The Society's major investment during 1974 was the big enlargement of our shareholding in Oldham Estates, which was increased during the year from just over 17½ per cent. to just over 50 per cent. of the company's share capital. The Society first took up a shareholding, *representing 10 per cent.* of Oldham's equity, in 1962, when we entered into an agreement to provide long term mortgage finance for certain of the company's development when they were completed and fully let. Because of our long association with the company we have been in a good position to appreciate both the unrivalled quality of its property portfolio, comprising mainly office buildings let to single tenants of the highest financial standing, and the careful way in which it has been managed, so that it has none of the problems of some other property companies whose financial arrangements have left them vulnerable to adverse circumstances such as have been experienced during the last two years. We are therefore confident that this substantial investment will prove to be of great value to our policyholders.

As is explained in the notes to the accounts, Oldham Estates' accounts have not been consolidated with the Society's. The shareholding in Oldham Estates of the Society and its consolidated subsidiaries is included at cost in the amount shown under the heading "subsidiary companies not consolidated" in the consolidated balance sheet, which amount also includes the mortgage loans made by the Society to Oldham Estates.

Oldham Estates has been the subject of much adverse criticism, mainly because of its *supposed practice of keeping its* office developments unlet for the financial gain that it was said could be achieved (during a period when the general level of office rents is rising) by doing this and then letting the properties at higher rents than those obtainable when the developments were completed. These criticisms were totally misconceived. Quite apart from the social considerations involved, the practice of regular and frequent reviews to current market value of rents under existing leases, which was adopted many years ago, makes it of no commercial benefit deliberately to keep buildings empty when suitable tenants are available. The criticisms have tended to focus on Centre Point, which is understandable because of the prominence of this building, but it is only one of about forty developments that have been carried out by the company or its Chairman, all of which, apart from this, are wholly, or very largely, let and occupied. The record speaks for itself, and whilst it is a matter of regret and of some surprise to the company, and to us, that such a fine building as Centre Point is largely unlet, it has now been established that there is no truth whatsoever in the allegations that have been made against the company.

I have dwelt on this matter at some length because I know that the unfortunate publicity directed at Oldham Estates has made some of our friends in the Co-operative Movement uneasy about the Society's large investment in the company, and I want them to have the facts. There are also those in the Movement and elsewhere who dislike the circumstances in which commercial property development has been conducted in this country since the war, which have made it possible for huge fortunes to be made by a small number of individuals who have overcome the risks inherent in the business. However, the C.I.S. Board and management have to conduct the Society's affairs in the world as it is, not as some would like it to be, and even those who have an antipathy to the private enterprise system might concede that if large rewards can accrue from property development, it is better that the five million policyholders of the C.I.S. should participate than that the benefits should go wholly to a few individuals.

Life Assurance

The annual premium income on new policies was £13.6 million, securing new sums assured (including the capital value of income benefits) of £543 million and new annuities of £0.6 million per annum. *These figures represent new records for the Society.*

The rates of reversionary bonus declared in the Ordinary Section (3.40 per cent. for assurances and 5.25 per cent. for annuities) and in the Industrial Section (2.15 per cent. on the main tables) are the same as last year. I am pleased to announce that the rates of terminal bonus declared on policies becoming claims by death or maturity have been maintained and, at the longer durations, slightly increased. In the Ordinary Section the terminal bonus varies from 0.5 per cent. *of the participating sum assured* for assurance policies with four complete years' premiums due and paid to 63.5 per cent. for policies with 45 or more complete years' premiums due and paid. In the Industrial Section the terminal bonus under the main tables varies from 0.4 per cent. *to 51.0 per cent.*

It may seem surprising that we should have maintained or marginally improved our rates of terminal bonus in a year when there has been a massive fall in the market values of securities and when, in consequence, there has been a very large fall in the benefits paid under most equity-linked life assurance policies. C.I.S. terminal bonuses, however, do not depend directly on the level of market values, which reflect the prices at which sales and purchases take place. Our terminal bonuses reflect primarily the increase in the net asset values of the numerous companies in which we invest and these values increased during 1974.

This method of determining the levels of terminal bonus has been used since our terminal bonus system was first introduced several years ago, and the levels have not fluctuated greatly from year to year. I should say that there is no question of our method being better, or fairer, than a method where the levels do fluctuate a lot from year to year—it is simply a question of which is more appropriate in the circumstances of a particular office. I feel that the vast majority of C.I.S. policyholders would certainly not expect to receive a much reduced terminal bonus if their policies happened to mature when market values were very low, and many would probably object strongly, whatever explanations were given. On the other hand, the holders of unit-linked policies do expect this, and so may the policyholders in offices using a market-value-linked method for determining the terminal bonuses on traditional policies. It should be understood, however, that the C.I.S., and other offices who determine their terminal bonuses according to growth in the underlying capital appreciation of these investments, may well have to reduce terminal bonuses in future if the rate of growth in the underlying capital appreciation is not maintained.

As I stated earlier, because of the fall in the market values of investments during 1974, substantial transfers to investment reserve in respect of the long term business assets have been made from both the Ordinary and Industrial Sections. It cannot be too strongly emphasised that, at this stage at least, these transfers should be regarded simply as internal accounting transactions. Existing investments are still yielding, overall, the same interest income or higher, and new investments have been made at the higher levels of interest ruling throughout the year. The big variations in the market values of investments that have taken place during last year and in the present year reflect the intense uncertainty about the course *of* inflation and future profitability to which I referred earlier, and it seems appropriate to sound a note of warning here, that if wages are allowed to go ahead virtually unrestricted and at the same time there are controls on prices, profits and divi*dends then we shall be faced* with real as opposed to notional losses, and transfers to investment reserve will be required to cover these losses.

In order to provide for the transfers to investment reserve the rate of interest used in the valuation of policies in the Ordinary Section has been raised by 1½ per cent., from 2¾ per cent. to 4¼ per cent., for liabilities under assurance contracts (and, by a corresponding amount, to 7 per cent. for annuity contracts) and that used in the valuation of Industrial Section policies has been raised by 1½ per cent., from 3 per cent. to 4½ per cent. At the same time the opportunity has been taken to introduce a new factor into the valuation basis to compensate for the fact that the initial expenses, particularly new business commissions, incurred in putting new policies on the books are higher than the renewal expenses incurred in subsequent years in administering, maintaining and accounting for these policies. The actuarial basis of valuation used hitherto made *no* allowance for the uneven incidence of these expenses, and the present is an appropriate time to inject a greater note of realism into our published valuation basis.

Motor Insurance

The volume of business in force remained more or less unchanged during 1974. The rise in premium income from £28.8 million in 1973 to £31.3 million in 1974 was accounted for almost entirely by the increases in premium rates introduced in October 1973 and October 1974.

In the year as a whole the frequency of claims was somewhat lower than in 1973. The reduction in frequency which had begun with the start of the fuel crisis in late 1973 was largely maintained in the first half of 1974, but in the later part of the year the frequency returned to the sort of level experienced before the crisis began.

The small reduction in frequency was certainly not sufficient to offset the sharp increase in the average cost of claims, and the account showed an underwriting loss of £0.6 million compared with an underwriting profit of £2.1 million in 1973.

The effect of accelerating inflation upon motor insurance deserves to be more widely *realised. Since the premium* rates must be fixed well in advance of the claims which they have to meet, they need to contain an allowance for the future inflation which will affect those claims. If the rate of inflation goes up, motor insurance companies will be likely to make *losses, unless they have success*fully predicted the rise and allowed for it in advance—in other words, unless they have increased their premium rates by more than the then current rate of inflation. If, as is more likely in practice when premium increases are subject to statutory control, the companies have not made advance provision for the acceleration in the rate of inflation, then their premium rates will have become inadequate. When that happens, companies which merely increase their premium rates in line with current inflation will ensure that their premiums remain inadequate and will go on making losses.

With the succession of increases in the rate of inflation over the past few years, and the absence of any immediate prospect of inflation being reduced, it is only to be expected that motor insurers are needing to make increases in premium rates far in excess of even the current high rate of inflation. In our case the Department of Trade sanctioned an increase in premiums of six per cent. to operate from October 1973 and, not surprisingly, this proved quite inadequate to cope with the massive increase in the rate of inflation that was to come. We obtained approval for an increase averaging 18 per cent from October 1974 and again for a further increase still, of 16 per cent from April 1975. The underwriting loss of £0.6 million which we have sustained in 1974 is largely a consequence of having been granted only a small increase in October 1973, but the prospects are that despite the further increases in premiums since then the account will again show an underwriting loss in 1975. There is no doubt that yet another increase in our motor premium rates will be needed in six months' time if we are to have a chance of seeing the situation improve in 1976.

As a Co-operative organisation we naturally do not wish our policyholders to pay more than is necessary to provide the cover they need, and we deplore a situation in which we have no alternative but to impose frequent premium increases. Nevertheless we are determined to keep security as our over-riding objective and take a suitably cautious view in these extremely uncertain times.

Property Insurance

The premium income increased from £14.9 million in 1973 to £16.6 million in 1974, a rise of £1.7 million compared with the rise of £3.6 million reported last year. During 1974 fewer policyholders responded to the advice to increase their sums insured, despite the rise of about 25 per cent in re-building and repair costs. There can be no doubt that many people are now under-insured, and we are planning to make renewed efforts in 1975 to see that sums insured are brought up to realistic levels.

Our Domestic Combined policy has been widened in its scope to cover liabilities imposed by section 3 of the Defective Premises Act, and in addition all holders of Domestic Combined policies covering contents are being given personal liability insurance—with a limit of £250,000—at no additional premium as from inception for new cases, or from next renewal for existing policies.

During the year certain classes of commercial and *industrial* risks benefited by reductions in premium *rates* made possible by improvement in risk experience. The Society's surveyors have freely advised on means of protection and loss prevention *against the major risks of fire and theft, and the absence of major losses in the portfolio must* in some part be a reflection of the effectiveness of this policy. Nevertheless, large losses must be expected to occur from time to time, and managers of commercial concerns should not overlook the responsibility they carry to maintain adequate property, and other, insurance cover.

Although the C.I.S. had to meet—by way of reinsurance—only a small share of the catastrophic loss at the Flixborough plant, we naturally had to deal with a large number of domestic losses. Special efforts were made to ensure that the claims for damage to domestic property were handled as speedily as possible. Besides the Flixborough disaster, the year 1974 saw a higher number of storm claims than usual, and also an increased incidence of theft from homes. Householders are strongly recommended to seek advice from police crime prevention officers and insurance surveyors, who will readily provide details of basic means of protection which should prove a deterrent to the casual thief.

The combined *effect* of the worsened claims experience and the modest rise in premium income has been to reduce the underwriting profit from £2.5 million in 1973 to £0.7 million in 1974.

Other classes of Non-Life Business

The premium income from the remaining classes of non-life business increased from £5.3 million to £5.7 million.

The liability business showed a small underwriting profit. Whilst this is a welcome improvement after the losses of recent years, it seems likely to prove only temporary. The signs are *that premium rates for liability* business in general need to be increased if future losses are to be avoided.

Reserves

As can be seen from the accounts and balance sheet, we have simplified the structure of our various reserves and have merged the general business reserve with the general reserve, which supports all classes of business. The further large increase in premium income, particularly, the non-life premium income, makes it desirable to increase the general reserve and we have accordingly transferred to it £1.85 million from the long-term business fund and £4.15 million from the profit and loss account, thus increasing it to £23.5 million. From this, £11 million has been applied to the general business investment reserve to take account of the fall in the values of investments other than those wholly attributable to the long term business. These details of the movements to and from the general reserve are set out in the notes to the accounts.

One of the major problems that a high rate of inflation presents for non-life insurance business is the difficulty of maintaining a satisfactory relationship between the free reserves and the non-life premium income when the premium income is expanding rapidly because of the large increases in premium rates that have to be made to take account of the effect of inflation on operating expenses and the cost of claims. I have referred in my comments on motor insurance business to the problem of achieving adequate rates of premium when the rate of inflation is increasing and when our freedom to make increases in premium rates is restricted by statutory controls. This problem is made all the more difficult by the necessity for the business to generate sufficient nominal profits so that the free reserves can be increased in step with the premium income.

Although our total underwriting profit on all classes of non-life business was very sharply reduced in 1974, there was a big increase in investment income, mainly because of the high interest rates available on short-term investments. As a result, we were able to make the substantial transfer to general reserve to which I have just referred, and it is gratifying to be able to report that, despite the big fall in the market value of stock exchange securities, our free reserves at the end of 1974 were just over 28 per cent. of the non-life premium income. This is well above the present and proposed statutory minima and, with the big increase in investment values since the end of the year, our free reserve position *has been further strengthened.*

Profit and Loss Account and Distribution of Profit

The accounts show separately the profit and loss accounts of the Society and of those subsidiaries whose accounts have been consolidated with the *Society's in the consolidated* accounts and balance sheet.

The Society's profit and loss account relates only to the non-life business and it shows that, after allowing for the investment income carried to this account and for taxation, the profit remaining after the transfer to *general reserve is sufficient* to maintain the rate of dividend to co-operative societies on all the non-life premiums paid by them for their own business at 20 per cent.

The consolidated subsidiaries are all investments of the long-term business fund and the profits accruing in them have been transferred to investment reserves within those companies.

Board and Management Changes

During the year we welcomed to the Board Mr. W. H. Farrow who replaced Mr. John Roper, M.P., following his resignation from the Boards of C.W.S. and C.I.S. when Hyde Co-operative Society merged with Norwest Co-operative Society and thus became ineligible for separate representation on the C.W.S. Board. We thank Mr. Roper for his contribution to the work of the Board and appreciate his continued interest in the progress of the C.I.S.

Mr. C. Potts, Manager, Motor Department, will retire on 9th June, 1975, when he will have completed over 48 years' service with the Society. Mr. Potts' distinguished *career with the* Society began at Liverpool and after a short spell in Edinburgh he moved to Chief Office where he became Manager, Motor Department, in 1954. He will thus have completed over 21 years in this position where he has introduced many develop*ments to the business and estab*lished a high reputation in the industry. Mr. Potts takes with him our warmest good wishes for a happy retirement. He will be succeeded by Mr. W. F. Webb, at present Deputy Manager, Motor Department.

Conclusion

The Society has come through a most trying year in good shape and credit for this is due to the efforts of all the staff and full-time agents. In a year that began in a period of restrictions on heating and lighting, which involved difficult working conditions, and in which there have been some periods of staff shortages, some interruptions of public transport services and other practical problems in the operation of the Society's business, I and my colleagues on the Board have been heartened by the cheerful willingness of everyone to ensure that the flow of work and the service to our policyholders were fully maintained. I am very grateful to them all for their work during the year.

As I have explained, these are difficult times for the insurance industry and I do not look to the future with any easy optimism. I have, however, no doubts about the financial strength of the Society and I am sure that the staff and full-time agents will realise the need for the changes which, in consultation with the trade unions, will have to be made in our organisation to preserve the Society's ability to continue to offer worth-while policies to the public.

I am therefore confident that, given firm action by the Government to bring inflation under control and put the economy on a *sounder basis, the Society will* emerge from this difficult period with the financial resources and organisational structure to face the future with confidence."

The report and accounts were adopted.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Montedison restructuring defended by Sig Cefis

BY ANTHONY ROBINSON MILAN, April 30.

GRATEFUL MONTEDISON shareholders to-day approved by a large majority the 1974 results, which permitted the first dividend in four years and what chairman Eugenio Cefis described as "Montedison's re-entry into the ranks of major international chemical companies, albeit at a relatively lower level of efficiency and profitability."

First indications of Montedison's performance over the first quarter of 1975 show parent company sales up some 6 per cent. compared with the first quarter of 1974. But turnover last year was affected by strikes and the Government's price freeze, while the first quarter results this year are 15 per cent. below earlier budget estimates.

Signor Cefis delivered a strong counter-attack against the many critics of his manner of conducting the Montedison reorganisation policy. According to Signor Cefis, Montedison has been subjected to "a strategy of permanent aggression" waged by part of the Press and important political and economic interest groups.

Signor Cefis has been particularly attacked for Montedison's alleged large-scale purchases of newspapers and support for other Press organs. But Signor Cefis stated categorically that Montedison's interests in this sector were limited principally to its 100 per cent. holding in the Rome newspaper Il Messagero, which closed its accounts in balance last year, he said.

His reply did not satisfy some major shareholders such as the spokesman for the Euramerica and Nicofico holding companies who were formerly members of the Montedison control syndicate before its reorganisation last month.

Signor Cefis also denied that Montedison had received massive financial assistance from the State. Over the past three years Montedison had received only L3.8bn. in subsidised credit for plant in northern Italy and L100.8bn. for investment in southern Italy, where assets totalled over L1,000bn. Montedison had received absolutely no cash grants at all, he added.

He also revealed that Montedison had received L468bn. through sales of former Montedison companies to other groups. Of this total, sales to private groups totalled L301bn., while assets sold to state groups such as Egam and ENI totalled L167bn.

Signor Cefis confirmed that Montedison was determined to go ahead with its design of creating a holding company structure in which the parent company would become a purely financial controlling company.

He ridiculed reports that Montedison intended to dispose of its petrochemical activities. These accounted for 80 per cent. of Montedison's gross profits last year and are and will remain a fundamental part of Montedison.

Last year parent company Montedison SpA produced a net profit of L81bn. after depreciation of L164bn. This permitted a 1974 dividend of L33 plus that already paid to Montedison shareholders by the Gemina financial subsidiary. Signor Cefis revealed that last year the parent company financed its investment entirely out of self-generated resources, while the group as a whole managed to finance just over 50 per cent. internally.

Investment by the parent company totalled L138bn. last year of which 64 per cent. was in petrochemicals. For the group as a whole investment totalled L360bn. while depreciation amounted to L251bn.

The return to a higher rate of depreciation has meant that assets of parent company Montedison SpA are now depreciated to 51.7 per cent. compared with 41 per cent. in 1971, while for the group as a whole depreciation has risen from 43 to 49 per cent. over the same period.

The improvement in profitability last year, when parent company turnover rose 96 per cent. to L.2,300bn. and group turnover 55 per cent. to L.4,029bn., is also reflected in a reduction in medium- and long-term debt from L.671bn. to L.607bn., partially offset by an increase from L.593bn. to L.619bn. in short-term debts. Higher interest rates raised financial charges by 32 per cent. to L.119bn., but in spite of this the average cost of borrowing for Montedison is still below 10 per cent., Signor Cefis revealed.

ENI produces L59.4bn. loss

BY ROBERT GRAHAM ROME, April 30.

ENI, the state oil concern, has announced a loss of L59.4bn. or £39m. for 1974. This compares with a profit of L37.6bn. or £24.7m. for the previous year.

With the announcement, ENI Vice-President Sig. Francesco Forte said that he refused to approve the accounts. Sig. Forte, who did the same last year, said that it was impossible to give his approval since there was insufficient information on a number of important elements. The accounts now have to be approved by the Minister of State Participation and they will also be examined by the Public Accounts Office. ENI in recent weeks has been harshly attacked for its role in attempting to gain more shares in Montedison.

ENI's turnround in fortunes is due to three main elements. The first concerns the position of Agip, the petroleum subsidiary, which showed a loss on the year of L42.9m., or over 70 per cent. of the total group loss. In the first three months of the year AGIP found itself having to purchase more than its programmed share of petroleum products, especially fuel oil, above the market prices. ENI also blames government delay in allowing petroleum product prices to rise in line with crude prices.

The second element, contained in the AGIP loss, was the loss of L22.5bn. by Industria Italiana Petroli, the company created after the 1973 purchase of Shell Italiana. At the same time, payment for the Shell purchase has proved costly with credit scarce and expensive. ENI paid a reported L130bn and is paying Shell back over a four-year period.

Thirdly the textile sector of ENI is understood to have had a very bad year, losing as much as L.10bn. Overall, however, these losses have to some extent been offset by earnings from overseas companies of L.48.8bn., thus reducing the effective loss to L.10.6bn.

It has been decided to set aside L.427bn. for depreciation compared to L.289bn. in 1973. Turnover during the year reached L.5,832bn. compared with L.2,489bn. in the previous year while investments moved up from L.765bn. to L.850bn.

The publication of the accounts still leaves the question of the ENI leadership unresolved. The current president, Sig. Raffaele Girotti, has been in a sort of limbo since his term of office expired last October. An intense political battle is being waged over whether he should remain as the group's head. The general impression is that no move will now be made until after the regional elections in June.

The annual meeting of ANIC, the chemical group 73 per cent. controlled by ENI, to-day approved a L.60 dividend. This was based on gross profit of L.77bn. against L.39bn. in 1973. Turnover was up by 87 per cent. to L.653.8bn. while consolidated turnover for the group as a whole reached L.741bn.

Krupp sees steel orders drop 20% this year

By Guy Hawtin

FRANKFURT, April 30.

FRIED. KRUPP Huettenwerke, the Krupp group's publicly-quoted steel-making concern, has disclosed that, in common with other West German steel companies it is being hard hit by recession. Since August last year incoming orders for smelted products have fallen by nearly a half.

Orders in the first quarter of the current year are down 20 per cent. compared with the monthly average for last year, while shipments during the same period fell by about 15 per cent. This downward trend was registered before the end of 1974 and has steadily worsened.

According to a provisional report on the first quarter's performance, Krupp Huettenwerke, in common with its German competitors, has experienced a steep decline in overseas demand at a time when the domestic market, particularly in the capital goods industries, remains weak.

The average decline in orders for the steel industry in the first quarter compared with the same period of 1974 was 30 per cent. Export demand was off by some 40 per cent. compared with the year before. As a result competition sharpened greatly, the Krupp report said, while earnings throughout the industry have been severely hit. The Krupp concern had not escaped the effects of the decline in demand despite its diversification programme.

Despite this, the ordinary dividend is being raised from DM7 to DM10 per share. This reflects a 1974 net profit of DM57.3m. compared with DM44.4m.

German chain stores sales up

By Nicholas Colchester

BONN, April 30.

THE TWO important West German chain stores, Neckarmann and Kaufhof, are showing slight increases in turnover after the first quarter of this year but nothing which suggests that the reticence of the German consumer is diminishing. Kaufhof sales rose by 12 per cent. to DM1.45bn. while Neckarmann registered an increase of 6 per cent., after a poor January.

Kaufhof's real turnover increase for the period was between 9 and 10 per cent., after increases in selling space are allowed for, and this still implies some gain in physical turnover. Neckarmann's first quarter turnover suggests stagnation in volume if inflation is allowed for, but its sales clearly improved towards the end.

Neckarmann had an unsatisfactory year in 1974 with turnover rising but profit falling. Sales were up from DM2.8bn. to DM2.96bn. But the margin on sales fell from 0.65 per cent. to 0.50 per cent.—the lowest return in the company's history except for that achieved in 1969. As a result net profit was down sharply from DM15.1m. to DM12m. The directors will therefore recommend that the dividend for 1974 be dropped to DM3 per DM50 share where it was DM3.5 in 1973.

Thyssen-Bornemisza moves head office from Netherlands

BY MARGARET HUGHES AMSTELVEEN, April 30.

INCREASED U.S. involvement through its $150m. acquisition of Indian Head is already having a considerable impact on Thyssen-Bornemisza operations.

Previously, this fast-expanding industrial holding group owned by Hans Henrich Thyssen-Bornemisza, grandson of the late West German steel magnate, August Thyssen, was essentially a European concern headquartered here in the Netherlands.

Then last August it raised its 34 per cent. holding—acquired in October, 1973—in Indian Head, a diversified U.S. industrial concern, to 90 per cent. through a cash tender offer. Apart from providing a useful earnings boost, this move has subsequently prompted a restructuring of the whole group which involves moving both the registered holding company and the corporate management team out of the Netherlands.

But the most immediate effect of the Indian Head acquisition has been on group earnings, which jumped by 54 per cent. last year. At the annual Press conference here, Thyssen-Bornemisza announced net income of Fls.90.7m. on sales of Fls.1.64bn. for 1974, against net income in 1973 of Fls.58.9m. and sales of Fls.900.9m., while return of equity was up from 15.5 per cent. to 20.8 per cent. Earnings have climbed over 600 per cent. since 1970.

Indian Head results have been consolidated into the group accounts since it became a full subsidiary, so the two years' figures are obviously not directly comparable. But Thyssen-Bornemisza claims that even without Indian Head, it still surpassed its profit target which is 15 per cent. annual growth. Its lack of dependence on Indian Head earnings may be just as well—Indian Head's chief executive, Richard J. Powers, disclosed at the Thyssen-Bornemisza meeting that its sales were down 12 per cent. in the first quarter of the current year, while net income declined 15 per cent.

As far as the group as a whole is concerned, management board chairman Mr. G. B. Huiskamp, expects 1975 to be a "not very year." But, given the diversity of its industrial and geographical markets, he remains convinced that the group will still achieve its "ambitious 15 per cent. annual growth target."

In the meantime, as a direct result of the Indian Head acquisition, a new privately held parent holding company has been set up to "manage and co-ordinate" both European and American interests, with "special emphasis on international corporate strategy and finance."

The most interesting feature of this new company, revealed in the annual report, is that it is registered at Willemstad, in Curacao in the Netherlands Antilles. Curacoa is generally looked upon as a tax haven, but Thyssen-Bornemisza claims that, as far as it is concerned, there will be no tax advantages beyond those which it already enjoys in Holland itself, where as a holding company it would be exempt from tax on dividends and capital gains. Neither, it is equally adamant, will the move facilitate its fund raising activities nor, for that matter, bring any other fiscal gain.

Given so many disclaimers, it is difficult to deduce the real motivation. The company simply justifies the move by the need now to have a parent company which is independent of its main operating arms in the Netherlands and U.S.

It may well be that the decision to form the new holding company has been prompted by apprehension over the threat of increasing intervention in business by the Dutch Government which only recently drew up proposals for introducing capital gains tax. Thyssen-Bornemisza has on previous occasions criticised the Dutch Government for what it regards as its "essentially negative" attitude to industry.

But opting, whatever the reason, for a holding company outside Holland, dictated that to derive any benefits from this the management of the group should also be moved from the Netherlands, Thyssen - Bornemisza argues.

This intention, announced for the first time at the annual Press conference, is a much more sensitive issue, inferring as it does that the main corporate body is effectively pulling out of the Netherlands.

Thyssen-Bornemisza firmly rejects this suggestion, pointing out that European operations will, as before, be controlled from Amstelveen and be subject to Dutch regulations.

Monaco is also "welcoming" and Thyssen-Bornemisza has already found accommodation there in the former Rothmans office. On September 1 three of the four main management Board—chairman Huiskamp, corporate strategy director, Mr. H. E. Backrach, and corporate finance director, Mr. R. J. Freese, will move to Monaco. With them will go a small management team of about ten.

One of the relocated management's tasks in the coming year will be to arrange outside financing to supplement the internally generated resources which it has mainly used to finance its acquisitions. As a privately held company (87 per cent. owned by Hans Heinrich) it is unable to undertake paper transactions. For some years it has talked of going public, but the timing has never been right—less so in the current stock market climate.

Finance director Freese, however, believes he has come up with a compromise which could provide the type of outside finance which the group needs. Referred to by Mr. Freese as "income notes" it is basically a long term (15 to 20 years) subordinated loan with warrants attached.

Ghana limits foreign holdings

BY CAMERON DUODO ACCRA, April 30.

THE GHANA Government to-day published a decree under which a number of foreign enterprises operating here will either have to be partly owned by Ghanaians or by the state.

The decree, known as the "investment policy decree 1975" provides that "no enterprise engaged in the processing of bauxite or alumina or both shall operate after the 31st of December, 1975, unless 30 per cent. of its capital is owned by the state.

The only enterprise in Ghana that processes alumina is the Kaiser subsidiary, Volta Aluminium (VALCO) which has an aluminium smelter at Tema.

Two foreign-owned banks in Ghana—Barclays and Standard—are required to sell at least 40 per cent. of their shares to Ghanaians under the decree.

Both banks are understood to have taken steps already to invite Ghanaian shareholding but it is not known whether the shareholding they have obtained amounts to the 40 per cent. specified in the new law.

The other enterprises affected by the decree include department stores and supermarkets with an employed capital of 500,000 Cedis or more, or an annual turnover of 1m. Cedis or more, which must sell at least 50 per cent. of their capital to Ghanaians.

African aliens other than those whose countries provide reciprocal exemptions to Ghanaians are forbidden under the decree from operating in Ghanaian markets or to be otherwise engaged in petty trading, hawking or selling from kiosks.

Enterprises which produce basic necessities which have an employed capital of less than 500,000 Cedis or an annual turnover of less than one million Cedis are forbidden to operate unless at least 50 per cent. of the capital is Ghanaian owned.

The decree sets up an Investment Policy Implementation Committee which will license enterprises operated by aliens which fulfil the conditions laid down by the decree.

Shell borrows $111m.

BY MARY CAMPBELL

SHELL BERMUDA (Overseas), part of the Royal Dutch Shell group, has borrowed $111m. overseas. Proceeds of the loan will be used to buy six 31,250 tonne product carriers built for Shell Bermuda by Saint John Shipbuilding and Drydock of New Brunswick.

The institutions involved in putting up the funds include the Canadian Export Development Corp., Toronto Dominion and Royal Bank of Canada. The ships are scheduled for delivery between February, 1977 and September, 1978.

*

The Malaysian Government is believed to be in the market for $150m. for five years. The loan offers a spread of 1½ per cent. Lead managers are Chemical Bank and First Chicago Ltd. The proceeds of the loan will be put towards general budgetary financing.

*

The Province of Newfoundland's $C20m. issue has been priced at par on a 9½ per cent. coupon. Final maturity of the issue is eight years and lead managers Crédit Commercial de France and A. E. Ames and Co.

*

Panama is borrowing $55m. on the Euromarket at present. Of this total $45m. is in the form of a five-year loan arranged by Citicorp International on a spread of 1½ per cent. Additional financing of $10m. is being arranged by WFC Corporation. Part of this will be in the form of a seven year loan and part short term certificate of deposit issues by the central bank. Spread on the seven year loan is also 1½ per cent., but the fees are thought to be higher.

*

The Japanese company Komatsu has filed an application for a $50m. convertible issue in New York with the Securities and Exchange Commission. The issue is expected to be made in mid-June. Maturity will be 15 years, and managing underwriters Merrill Lynch, Nomura Securities and J. Henry Schroder Wagg.

*

The Republic of Indonesia has borrowed $22.05m. for 5½ years for purchasing dredgers. It is believed that the U.S. Eximbank has put up $9.8m. of the total with international banks providing the remaining $12.25m. The loan was arranged by Amex International, London merchant banking subsidiary of American Express.

Further bank financing for Indonesia of $8.5m. is expected to be finalised soon. This loan will be for purchasing port equipment, such as tub-boats and cranes. The $8.5m. figure will also be augmented by Eximbank financing.

Company Results

Penn Central loss widens

● Penn Central reports a first quarter loss of $127.9m. (loss $68.3m.) from total revenues of $509.7m. ($525.2m.).

● Avis reports first quarter profits of 5 cents per share or net of $358,000 compared with a loss of 4 cents per share or a net loss of $230,000. Revenues increased to $88.4m. from $83.1m.

● American Express reports consolidated net income of $35.4m. for the first quarter of 1975, compared with $34.5m. for the corresponding period last year. Earnings per share were 49 cents, against 48 cents a year ago.

● Fairchild Camera and Instrument reported first quarter earnings of $3.25m. or 62 cents per share on sales of $69.75m., compared with $10.4m., or $1.97 per share on sales of $103.8m. Earnings for the year earlier quarter included a special gain of $1.25m. or 24 cents per share from the sale of land and buildings occupied by a former company.

● Bethlehem Steel, reports first-quarter earnings per share of $1.84 (99 cents) from revenue of $1.35bn. ($1.13bn.). Net income was $80.3bn. ($43.1bn.). First-quarter shipments fell to 3,329,000 tons from 4,199,000 tons in the year-earlier period.

● Phillips Petroleum expects earnings for the rest of 1975 to improve from the depressed first quarter.

First-quarter earnings (72 cents against $1.43 a share) were adversely affected by higher tax rates on overseas oil production.

*

● Standard and Chartered Banking Group announces the opening of a branch in Amsterdam by its subsidiary, Standard Chartered Bank NV.

$11m. Ford loss for first qtr.

By Guy de Jonquieres

NEW YORK, April 30.

FORD MOTOR, the second largest U.S. car manufacturer, reported to-day that it made a net loss of $11m. during the first quarter of this year, compared with a net profit of $123.6m. or $1.21 per share in the same period of last year.

This is the company's first loss since the final quarter of 1967—when it was strikebound—and would have been substantially bigger had the company not adopted an accounting change which reduced the loss during the quarter by $87.3m. Before tax, the loss was $158m.

Under the new accounting policy, known as the "flow through" method, Ford has lumped together and counted as income the accumulated investment tax credits it has received for new capital expenditures over the past several years. This method has been in use in a number of major American companies for some time.

Ford said that the first quarter loss mainly reflected a 65,000 unit year-to-year decline in world-wide car and truck production, as output was cut back in response to falling sales. Its world-wide factory sales fell 29 per cent in the quarter to 975,000 from 1.4m. a year before. Dollar sales fell 7 per cent. to $5.1bn from $5.5bn.

The loss also resulted from its inability to offset through price increases sharp increases in costs for material labour and federally-mandated equipment, Ford said. Over the past 12 months, it said, raw material costs have risen by 19 per cent and labour costs by 11 per cent. but prices at the start of the new model year last autumn were raised by 8 per cent.

Noting that over the last three model years price increases have lagged behind material and labour costs by $375 on average per unit, Ford said that it has undertaken "major actions" to restore profitability and has lowered its break-even point.

The company said that it has observed a steady strengthening in new car sales since the depth of the industry slump last November and forecast that sales would reach an annual rate of about 9m. (for domestic cars and imports) by year end. This is slightly lower than the 9.5m. rate forecast by General Motors, which announced its results yesterday.

Chase Trust presents plan to end losses

By Our New York Staff

CHASE MANHATTAN Mortgage and Realty Trust, which has been anxiously trying to restructure its current loan agreements has presented a plan to its 41 creditor banks which should enable the troubled trust to "preserve its net worth."

If all goes well with the new plan, the Trust will at least break even in its operations and no longer face the $3m.-a-month loss that currently plagues it.

Under the terms of the proposal Chase would pay a minimum of 2 per cent. per year on its outstanding loans, and, in proportion as cash flow improves, pay additional interest at the rate of 115 per cent. of prime. Under its current agreement Chase pays 130 per cent. of prime.

For those periods when Chase is unable to raise its interest payments from the minimum of 2 per cent. to 115 per cent. of prime, it will owe its creditors interest at the rate of 126 per cent. of the prime rate. The difference between the interest computed at 126 per cent. and what the Trust had actually been able to pay would be payable out of a share of future cash income. These deferred payments, to be made out of future earnings, would be repaid in instalments of 20 per cent. of the total over a five-year period starting in 1983.

Under the arrangement the bank loans would mature on December 31, 1978.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	98	99
Ashland 8pc 1987	89	90
Australswiss 8pc 1987	91½	92½
BFCE 9pc 1980	95½	96½
Borregaard 8½pc 1989	93½	94½
Carrier 7pc 1987	88	89
Conoco 8pc 1986	94	95
Consd. Foods 7½pc 1991	92	93
Cutler Hammer 8pc 1987	89½	90½
EIB 9½pc 1985	99½	100½
Esso 8pc 1986 Nov.	95½	96½
General Cable 8½pc 1987	84½	85½
General Motors 8½pc 1986	100	101
GTE 8½pc 1986	95	96
ICI 7½pc 1992	76	78
Nat. Grindlays 7½pc 1987	76	78
Pacific Light 8pc 1988	89½	90½
Prov. of Quebec 7½pc 1988	86	87
Quebec Hydro 8½pc 1989	95½	96½
Queensland 8½pc 1987	88	89
Scanraff 8½pc 1988	93	94
Shell 8pc 1986	92½	93½
Standard Oil (Inc.) 8½pc '88	97	98
Tenneco 7½pc 1987	82½	83½
Transocean 8pc 1986	94	95
TRW 8½pc 1986	92	93
Utah 8pc 1987	88	89
Volvo 9½pc 1985	98	99
NOTES		
Air France 9½pc 1979	100½	101½
Aust. Ind. Dev 10½pc 1981	102½	103½
Barclays 7½pc 1975	97	99
Cie Nat du Rhone 10pc '82	102	103
Du Pont 7½pc 1978	99	100
Esso 7½pc 1978	99½	100½
General Motors 8½pc 1976	101	102
Marubeni 9½pc 1982	100	101
Nippon Fudosan 10½pc 1981	102	103
Skand. Enskilda 10½pc 1981	103	104
Tenneco 7½pc 1979	95½	96½
Tokyo Curacao	102	103

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	78	80
Ashland 5pc 1988	73	75
Beatrice Foods 4¼pc 1992	84	86
Beatrice Foods 4½pc 1992	91	96
Borden 5pc 1992	86	88
Broadway Hale 4½pc 1987	68	70
Canon Camera 7½pc 1989	91	93
Carnation 4pc 1987	85	87
Chevron 5pc 1988	88	90
Dart 4¾pc 1987	77	79
Eastman Kodak 4½pc 1988	108	110
Economic Labs. 4½pc 1987	81	83
Eidal 7½pc 1989	102	104
Ford 6pc 1986	80	82
Ford 5pc 1988	70	72
Fuji 6½pc 1985	107	
General Electric 4¼pc 1987	81	83
Gillette 4¾pc 1987	75	77
Gould 5pc 1987	74½	76½
Halliburton 4¼pc 1987	118	120
Harris 5pc 1992	65	67
Hitachi 6½pc 1984	109	
Honeywell 6pc 1986	74	76
ITT 4½pc 1987	68	70
Komatsu 6½pc 1994	101	
J. Ray McDermott 4¾pc '87	115	117
Mitsui 7½pc 1990	138	142
J P Morgan 4½pc 1987	120	122
Motorola 4½pc 1982	131	
Owens Illinois 4½pc 1987	83	85
J. C. Penney 4½pc 1987	87	89
Pioneer 8½pc 1989	110	112
Rand Selection 6½pc 1986	105	
Rank 4½pc 1990	44	46
Revlon 4½pc 1987	95	97
Sperry Rand 4¼pc 1987	89½	91½
Squibb 4½pc 1987	85	87
Toshiba 6½pc 1985	120	
Union Carbide 4½pc 1982	111	113
Warner Lambert 4¾pc 1987	92	[illegible]
Warner Lambert 4½pc 1988	91	93
Xerox 5pc 1988	72	74

Source: Kidder, Peabody Securities.

L'OREAL SHARES

In the edition of the Financial Times dated April 29, it was stated that the share price of the French cosmetics company L'Oreal had drifted down from Frs.1,200 per share last October to Frs.888 on April 28. This however gives an incorrect picture of the share's movement since the company in the interim carried out a one-for-one stock split. If this is taken into account, L'Oreal shares have risen on a corrected basis from Frs.1,220 on October 22 to Frs.1,766 at the close on April 29, a rise of 46.4 per cent.

هكذا من الأصل

FARMING AND RAW MATERIALS

Rubber crop warning

SINGAPORE, April 30.

THE MALAYSIAN Government's rubber price stabilisation programme could cost Dunlop Estates BHD 26 per cent. of this year's production, according to Mr. H. M. Collier, the company's managing director.

Government bans on use of stimulants and tapping on rest days could cut latex concentrate and dry rubber production below 1974 levels, he said in the annual report.

"These restrictions, if they remain in force throughout 1975, will mean that the crop harvested is likely to be some 26 per cent. below what would otherwise have been expected," the report added.

Mr. Collier said the stabilisation programme seems to have been fairly successful with RSS No. 1 prices since November fluctuating relatively narrowly around 130 cents a kilo.

"Nonetheless, for the remainder of this year, the primary influence on the profitability of producing natural rubber must remain the overall level of demand in consumer countries," he said.
Reuter

Italy not seeking more world sugar

ITALY has not asked the Common Market Commission to grant further sugar import licences and is expected to make up its 91,500 tonnes deficit from within the Community, according to Commission and Trade Sources, reports Reuter. Traders estimate there are 140,000 tonnes of surplus sugar in the EEC.

Our commodities staff writes: This surprise move from Italy was one influence in the reversal of to-day's early trend on the sugar market.

E. GERMAN MOVE ON GHANA COCOA

East Germany has expressed an interest in buying cocoa direct from Ghana instead of through intermediaries. In a courtesy call on Ghana's Commissioner for Cocoa Affairs, Col. Frank Barnasko, the East German Ambassador, Mr. Johannes Vogel, said in return for purchasing cocoa his country would like to sell cocoa-processing machinery to Ghana.

Our Commodities Staff writes: Cocoa prices declined on the London terminal market yesterday. The July position closed £12.50 lower at £473.75 a tonne. Sentiment on the market again turned "bearish" on the belief that the surplus of supplies to poor demand is building up.

Common Market plan to cut beef 'mountain'

BY ROBIN REEVES

BRUSSELS, April 30.

THE EUROPEAN Commission is reported to be planning a drastic limitation on the kind of beef which may be sold into intervention, in order to dampen the build-up of the European beef "mountain."

The reduction in the amount of beef being stockpiled would be achieved principally by limiting intervention buying to hindquarters only, meaning that forequarters would have to be sold for what they could get. But the Commission is also proposing—through the management committee procedure—to alter the coefficients of intervention for different cuts of meat so as to make stockpiling less attractive. Whether these moves will be temporary or permanent is not yet clear.

The planned move, which is, in some way, a vindication of British criticisms of the Common Agricultural Policy was evidently the subject of heated exchanges at the EEC Council of Ministers meeting here yesterday between Mr. Pierre Lardinois, the Commissioner responsible for agriculture, and Mr. Mark Clinton, the Irish Agricultural Minister.

The Commission's position appears to be dictated by the continuing accumulation of intervention stocks of surplus beef—present estimates vary between 250,000 tons and 340,000 tons—at a time of the year when marketings should be light and prices relatively high. There is particular concern at the situation in Ireland where an estimated 65 per cent. of the total weekly kill has been going straight into intervention stocks which total at least 67,000 tons.

Ireland argues that the reason for this is the unwillingness of the Community to allow a further devaluation of the Irish Green Pound which would cut the monetary import charges that have killed its beef and cattle trade with the Continent and, unless Britain followed, increase the subsidies on Irish exports to the U.K.

The Commission's view is that Irish meat exporters should get out and market their beef. Mr Clinton's protest against the Commission's planned solution was not helped by the fact that he himself has urged exporters to increase their marketing efforts and the fact that since April 22, Irish meat factories have been allowed to put only 50 per cent. of their sales in any category into intervention.

In the meantime, there is no doubt that British beef producers have benefited from the large amount of Irish beef being stockpiled. This, probably more than any other factor, has been instrumental in pushing U.K. cattle prices to unprecedentedly high levels.

Import ban easing defended

THE EEC's beef intervention stocks would grow no larger because of the decision to lift partially the ban on imports of beef. This was asserted by Mr. Lardinois, replying to an emergency debate in the European Parliament in Luxembourg yesterday demanded by Irish and French members of the European Progressive Democrats Party, writes David Curry.

Mr. Lardinois was defending a decision to allow the import of 50,000 tons of beef into the Community between June and September as part of an "ex-im" arrangement conditional on the export of a similar amount. In addition, the Community is also permitting the import of 67,500 live calves for fattening, almost all of which will go to Italy.

The result of the moves would mean no extra beef on the market but it would put traditional suppliers in a slightly better position, Mr. Lardinois claimed. It would show good will towards suppliers in a difficult period without damaging Community interests. The Council of Ministers had accepted the moves by a six to three majority, he revealed.

Although there were sufficient supplies of meat in Europe, certain qualities of meat were not available and there was some demand for Australian and South American meat for processing.

EEC warning on fishing limits

BY DAVID CURRY

LUXEMBOURG, April 30.

IF NORWAY and Iceland took unilateral action to extend their fishing limits the Community would have no choice but to review the trading arrangements it had made with those countries. Although he did not spell it out precisely Mr. Pierre Lardinois, the EEC Agriculture Commissioner, implied that the agreements permitting the supply to the Community of fish products by Norway and Iceland would be placed in jeopardy.

Replying to a question from Mr. John Corrie, Conservative MP for North Ayrshire and Bute, he said in the European Parliament that he hoped such retaliation would not be necessary. However, "we would act for our own people whose livelihood would be threatened" he declared.

Mr. Lardinois acknowledged the problem of over harvesting in the southern North Sea; particularly of herring stocks, and said that Community measures might be necessary. "We could not permit ourselves to leave joint action exclusively to member countries," he stated.

Mr. Corrie complained particularly about the invasion of the west coast of Scotland by fleets of third countries, mentioning specifically the Russian fleet. He said that in 1965 the international catch off the west coast had been in the order of 60,000-70,000 tons. By 1973 this had reached 250,000 tons and he thought that the 1974 catch could well have been close to 450,000 tons. "The fish stocks cannot survive such an onslaught," he declared. "At this rate herring will soon be a luxury dish."

Mr. Lardinois attributed the problems in the fishing industry to the coincidence of large catches with a depressed economic situation. He defended the measures taken by the Commission and Council to aid the fishing industry. These he summarised as the extension of the fuel subsidy to the beginning of next year; the provision of export rebates on certain fish exports to third countries; the measures to subsidise private storage of fishery products at the cost of the farm fund at a cost of some 3m units of account this year; and the extension of the minimum import price system from wet fish to frozen fish.

CANADA GRAIN DRYING CALL

Canadian prairie grain farmers are urged to step up their on-farm drying to save the large quantities of high moisture grain harvested last year from serious heat damage, said Mr. G. N. Vogel, chief commissioner of the Canadian Wheat Board.
Reuter

Sharp fall in zinc market

By Our Commodities Editor

ZINC PRICES dropped sharply on the London Metal Exchange yesterday afternoon, following the apparent removal of the support buying that has held the market up recently. Cash zinc lost £6.5 to £320.5 a tonne, as some fairly heavy selling met with little buying resistance.

Inevitably the sudden absence of support buying has triggered off renewed rumours that zinc producers may no longer be able to sustain their official European producer price of £360 a tonne—at which the bulk of zinc is sold—and are therefore prepared to allow LME zinc values to fall lower than previously.

Until now it is understood that the producers have been content for LME values to be at a discount of some £30 to £360, in view of the extra costs and other disadvantages of buying from the LME compared with buying direct from the producers. However the cost of supporting the LME market at £330 has been quite considerable.

Nevertheless it remains to be seen whether the move towards lower levels is merely a tactical manoeuvre. Producers have been conducting a similar support buying campaign for lead, using rather different tactics, partly because there is no official European producer price involved.

Cash lead eased yesterday by £0.37 to £195.25 a tonne, but is still some £3 above Friday's levels.

Australian wool sale prices rise

FREMANTLE, April 30.

VALUES AT to-day's Australian wool sales showed further improvement on yesterday's Fremantle sale. The Australian Wool Corporation's market indicator moved to 260 cents per kilo (clean)—the highest since the start of the floor price scheme last September, reports Reuter.

Sales in Brisbane, Adelaide, Fremantle and Canberra had a combined offering of 62,703 bales with an overall clearance of 94 per cent. The AWC purchased only 5 per cent. of the offering.

In Tokyo the Japanese Government's Fair Trade Commission said it will not permit local wool spinners to extend their anti-recession cartel due to expire to-day.

U.S. AGRICULTURE

California outlaws the short hoe

BY ART GARCIA, CALIFORNIA CORRESPONDENT

CALIFORNIA'S migrant farmworkers have won a major victory in the fields, but claim they have been let down by the State's new Governor in his plan to restore peace to the farm labour movement after a decade of turmoil. The State Division of Industrial Safety has finally outlawed the 12-inch short-handled hoe most farmworkers have been forced to use in California for 60 years. But Cesar Chavez' United Farm Workers of America union has responded to the Governor's long-promised farm labour relations Bill by saying it would "strip the farmworkers of their economic power."

The farm Bill, the first major legislation drafted by Governor Edmund Brown Jr., the 37-year-old Democrat who took office in January as successor to Mr Ronald Reagan, was labelled a "deceptive" proposal by Mr Jerry Cohen, an attorney for the farmworkers' union.

Fair play

Mr. Brown, a former Jesuit seminarian who often recalls how he once picked grapes in hot fields, and who later marched with Mr Chavez in support of the farm labour movement, termed his proposal "a reasonable and rational solution . . . to bring fair play to the fields of California."

While the Chavez union warns that it is prepared to fight the Brown Bill all the way, the group applauded the prohibition of the notorious short-handled hoe, called the "cortito," that growers claimed was necessary for full crop production, but which medical evidence has established caused injuries to the back and great pain and suffering after long use. The Division of Industrial Safety, in its order outlawing the short hoe, also noted that other evidence established that the tool was not, and never had been, necessary in Californian agriculture because reasonable alternatives existed, including long-handled hoes.

By the 1970s an estimated 40,000 farmworkers in California weeded and thinned field crops with the short hoes. Except for a few areas in Arizona, the 12-inch hoe was virtually unknown, unused or unwanted elsewhere in the U.S. Grower associations have bitterly opposed all previous attempts to ban the short hoe, claiming that to do so would lead to a sharp decline in production because long hoes were less efficient. The Western Growers' Association predicted a 25-to-50 per cent. decline, and said that costs would go up "and everyone involved will suffer financially."

Farmworkers disputed such assertions and began accumulating the massive medical evidence needed to convince State authorities of the physical damage the short hoe caused. The famous back injury of Mr. Chavez, who worked 10 years in the fields of California's Imperial Valley, has been blamed on use of the "cortito."

15% injury

A private survey showed that 15.6 per cent. of 400 farmworkers using the short hoe suffered permanent back disabilities, while the incidence of back injury was only 3.7 per cent. among workers in a region where the short hoe was not used. One doctor commenting on the growers' behalf suggested the back problems could stem from diet or "racial characteristics" rather than stooped labour.

The fears of growers so far have not materialised, with the world's biggest lettuce-farmer in California's Salinas Valley admitting that in the first days of the switch to long hoes, production actually increased. Confessing amazement at the results, the grower told a reporter: "We fought this thing and worried over it and now it turns out not to be a problem. Frankly, I feel like a goddam jackass."

Cotton plantings to fall

BY OUR COMMODITIES STAFF

COTTON PLANTINGS for the 1975/76 season will decline noticeably in many countries, according to the International Cotton Advisory Committee. In its latest monthly review the committee says that low prices compared to last season, rising costs of production, difficulties in obtaining fertilisers and pesticides and administrative actions in some nations favouring diversion to other crops meant that a sharp cut in global acreage was a "foregone conclusion."

However, the cutback in cotton acreage may not be as great as foreseen earlier as, of late, prices of some competing crops have declined noticeably while cotton prices have generally ruled firm, the review notes.

World consumption of raw cotton this season is estimated in the review at about 58.7m. bales compared with the 1973/74 total of 61.3m. As a result of the persistent recession various efforts are now being made by governments to aid their ailing textile industries, the review says. "These include programmes to stimulate domestic and export demand for raw cotton and restrictions on textile imports.

"The major adjustments, however, have been made by the industry itself in restricting production to reduce inventories, and by controlling production costs. As a result, a slight improvement in market conditions is recently reported in some countries. In fact, consensus seems to be that, in some countries at least, the textile situation may now have reached its nadir and the prospects are for some recovery during the second half of 1975."

Pakistan food output study

By Our Own Correspondent

KARACHI, April 30.

A HIGH powered agriculture committee has been constituted by Pakistan Prime Minister, Zulfikar Ali Bhutto to advise means and suggest both short term and long term measures to overcome "chronic" shortfalls in food production in the country. The committee will have its first session on May 2 to consider recommendations of the ten working groups set up earlier.

Pakistani officials are anticipating a shortfall of about 2m. tons in wheat production this year. P. K. Shahani, adviser on agriculture to the Sind Government, said against the target of 8.5m. tons, wheat production would hardly be 6.5m tons. He estimated that Pakistan will spend Rs.400m. on wheat imports to meet the shortfall.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Maintained most of the previous day's gains on the London Metal Exchange. Prices were steady at the outset with forward metal trading at £568 in pre-market dealings, but they [illegible] 7,300 tonnes.

Amalgamated Metal Group reported that in the morning cash wirebars traded at £545 to 47, 46.5; late-July £564, 64.5; three months £564, 63.5, 63, 64.5. Cathodes: Cash £536, 35; early-May £533. Kerb: Bars: Cash £547; early-June £554; three months £564, 65, 65.5. Afternoon: Wirebars: Cash £544.5, 44, 43; three months £563.5, 64, 64.5 to 61.5. Cathodes: Cash £533; mid-May £536, 37. Kerb: Bars: Three months £561, 60, 61.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	546.5-7	+5.75	543-.5	—5.5
3 months	564.5-5	+5	561-.5	—6
Settlem'nt	547	+5.5	—	
Cathodes	[illegible]			

TIN—Marginally lower. Despite the decline at Penang, prices here were initially steady helped by hedge buying of forward metal following overnight physical interest. Cash metal later came under pressure, however, and the contango widened to some £50. High Grade cash metal was supported by influential buying at £2,980 during the afternoon, thought to have been on behalf of the buffer stock manager. Standard cash metal ended at £2,978 on the afternoon Kerb with forward at £3,024. Turnover, 795 tonnes.

Morning: Standard: Cash £2,985, 90; three months £3,025, 30, 29, 28. High Grade untraded. Kerb: Standard: Cash £2,980; early-May £2,980, 84. Afternoon: Standard: Cash £2,980, 75; early-May £2,985; three months £3,030, 29, 27. High Grade: Cash £2,980. Kerb: Standard: Three months £3,025, 24.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	2960-2	......	2960-1	—5.5
3 months	3031-5	+4.5	3027-32	—1
S'ment	2962	......	—	......
Standard				
Cash	2960-2	......	2979-80	—4.5
3 months	3031-5	+4.5	3027-8	—3
S'ment	2962	......	—	......
Straits E.	$940	—2	—	......
New York	—		—	......

LEAD—Easier. Influential buying of cash metal, again thought to have been on producer account, held prices steady in early trading but they later gave ground in line with the general trend. Turnover, 1,250 tonnes.

Morning: Cash £197.5; three months £194, 93.75. Afternoon: Three months £193, 92.5. Kerb: Three months £191.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	197.25	—.5	196-.5	—.75
3 months	193.5-.75	—.5	192-.5	—1.62
S'ment	197.5	......	—	......
N.Y. spot	—	......	*24.50	......

ZINC—Fell sharply in the afternoon after a steady morning session where renewed support buying was seen for cash metal. Influential and stop-loss selling later found the market devoid of buying interest and forward metal ended at the day's lowest of £314.5 on the afternoon Kerb. Turnover, 4,450 tonnes.

Morning: Cash £327.75, 27; three months £323, 22. Kerb: Cash £322.5; three months £321.5. Afternoon: Cash £325, 19, 20; mid-May £323; three months £321 to 14, 14.5, 15. Kerb: Cash £320; three months £313.5, 15, 14, 15, 14, 14.5.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	326.75-7	—.875	320-1	—6.5
3 months	322-.25	—.125	315-.5	—7
S'ment	[illegible]		[illegible]	

* Cents per pound. † SM per picul. [illegible]

SILVER

[illegible]

SUGAR

[illegible]

COCOA

[illegible]

FREIGHTS

[illegible]

Worldscale 55 and Jeddah Oil arranged a 30,000-tonner for two consecutive voyages, prompt commencement, from Persian Gulf to Jeddah at W.110. Mobil fixed two ships for inter-Mediterranean voyages—a 71,000-tonner with a part-cargo of 55,000 tons and a 61,000-tonner with 50,000 tons cargo—both at W 5. "The market is really dead when these are the only fixtures we can report," lamented one broker.

DRY CARGO—Grain-shippers covered cargoes from U.S. Gulf to Beirut at $12.35 f.i.o. for May, and U.S. Gulf-East Coast Mexico, $8.75 f.i.o. May, also Beau Comeau-Japan $12 f.i.o. May. Other grain bookings included 54,800 long tons Beau Comeau Antwerp-Hamburg range at $150,000 for May and 42,100 long tons, including meals and pellets Porto Alegre and Paranagua Antwerp-Hamburg range, $336,800 f.i.o. May.

Indian Government brokers fixed a number of Indian flag vessels for grain from Northern Range, Rs.192½ June and from U.S. Pacific Rs.200 May, June. Coal charterers fixed a cargo Hampton Roads or Baltimore-Japan, $7.40 f.i.o. May-June. In other trades.

COFFEE

Latest published ICO indicator prices. U.S. cents a pound. Colombian Mild Arabicas 64.00. Other Mild Arabicas 47.00. Unwashed Arabicas Santos Fours 72.75. Robustas 46.75. Daily average 58.00.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	388.0-86.5	+1	386.5-84
July	392.5-93.0	+4.25	392.5-388
September	390.0-90.5	+5	390-385.5
November	391.0-91.5	+6	391.5-387.5
January	394.5-95.0	+7	394.5-89
March	397.0-98.0	+6	395-95
May	400.0-02.0	+7.5	—

Sales: 1,185 (1,520) lots of 5 tonnes.

ARABICA CONTRACT (in order, buyer, seller, business, sales)—June 54.40-55.00, nil, nil; Aug. 56.60-56.70, 56.80-56.20, 5; Oct. 56.50-56.90, 56.70-56.50, 8; Dec. 57.20-57.40, 57.10-57.00, 7; Feb. 57.40-57.50, 57.50, one; April 57.90-57.95, 57.90, one. Sales: 22.

RUBBER

[illegible]

GRAINS

[illegible]

Feed barley and maize were very quiet at around previous offering levels.

Wheat—U.S. Dark Northern Spring No. 3, 14 per cent. May £80.70, June £78.50, direct Tilbury.

Maize—No. 3 Yellow American-French April £50.50, May £51.50, June £52.00, July £53.00, transhipment East Coast.

Barley—EEC Feed May £49.75, June £50.75 East Coast.

Other grades unquoted.

MARK LANE—Prices generally drifted lower in mainly moderate speculative activity. Hashers milling wheat traded to London area at £51.50 a long ton for May, from £53 to £53.50 for July and at £60 a long ton for Oct.-Dec. combinations, while Liverpool paid £63.50 for Jan.-April, 1976, deliveries. Denaturable quality wheat traded into East Anglia at £53 for July and to the Avonmouth area at £51 for June deliveries. Average sellers' quotations in sterling per long ton, delivery London area: Wheat milling May £51.50, denaturable May £50. Barley feed May £51.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat, steady. Close: May 49.40, Sept. 53.40, Nov. 55.80, Jan. 57.75, March 59.80. Business, May 48.40-48.10, Sept. 53.40-53.10, Nov. 55.80-55.45, Jan. 57.80-57.60, March 59.85-59.65. Barley, steady. Close: May 48.90, Sept. 51.45, Nov. 53.35, Jan. 55.40, March 57.45. Business, Sept. 51.50-51.35, Nov. 53.45-53.25, Jan. 55.55-55.40, March 57.60-57.40.

HGCA—Location ex-farm spot prices: Soft milling wheat—Chichester £50.00. Feeding barley—Banbury £48.00, Chichester £49.75, Ormskirk £50.85.

WOOL FUTURES

LONDON—The market was about unchanged in improved turnover, reports Bache.

(Pence per kilo)

Australian Greasy wool	Yesterd'y's close	+ or —	Business Done
May	156-168	......	—
July	160-162	......	—
October	166-167	—0.25	166.5-166.0
December	168.5-170.0	......	—
March	175.5-175.0	—0.25	—
May	174-178	—0.25	—
July	176-181	......	181.0
October	181-184	......	184.0

[illegible]

MEAT/VEGETABLES

[illegible]

Jaffa: 40 2.40, 48 2.65, 56 2.70, 64 2.85, 75 2.85, 86 2.65; Cypriot: 64 2.70, 56 2.70, 48 2.60, 40 2.50; Florida: Red Blush 3.80-3.90. Lemons—Italian: 2.70-3.90; South African, 2.70-3.10. Apples—South African: Starking Delicious 4.50-3.30, Dunn's 150/163 4.60, 175/198 4.60, 196-210 4.30, Golden Delicious 5.00-5.40, White Winter Pearmain 4.60-5.00, Granny Smith 6.00; New Zealand: Jonathans 5.00, Cox's Orange Pippin 5.50; French: cartons, Golden Delicious 20 lb 2.10-2.20, Stark Crimson 2.30-2.40; Italian: cartons, Rome Beauty 1.60-1.70; Tyrolean: per 40 lb Golden Delicious 4.00, Rome Beauty 3.70, Starking 4.00. Pears—South African: Packham's Triumph, cases 4.80-5.00, Josephines, cartons 4.00-4.20, Winter Nelis, cartons 3.60. Grapes—South African: Waltham Cross 2.90, Barlinka 2.40-2.50, New Cross 3.10. Bananas—Windward Islands: per 28 lb 2.70; Jamaican: 2.70. Pineapples—South African: 9/12 3.00, 13 2.78; Kenyan: 6 4.20. Tomatoes—Canary: 3.00-3.20; Dutch: 3.70; Guernsey: 3.30-3.60. Celery—Spanish: 18/36 2.00-2.50; Israeli: 3.00. Capsicums—Canary: per pound 0.20; Kenyan: 0.20. Beetroots—Dutch: per 10 kilos 1.30-1.40. Carrots—French: 1.35. Courgettes—Kenyan: box 8 lb 1.70. Potatoes—Canary: 55 lb 3.30; Moroccan: 3.70; Egyptian: 2.80; Italian: 3.20; Valencia: 3.10-3.30; Jersey: per 14 lb 4.20. Onions—Dutch: 25 kilos 1.70; Chilean: cases 3.50; Hungarian: 2.50; New Zealand: 3.00; Italian: 10 kilos 1.00; Egyptian: 2.50; Australian: 44 lb 2.70.

English produce: Cauliflowers—per 12 Lincoln 0.90, Kent 1.10-1.20. Cabbages—per bag, January King/Savoy 0.70. Mushrooms—per pound 0.20. Spring greens—per bag 0.30. Beetroots—per 28 lb new crop, long 1.80. Onions—per 56 lb 1.30-1.80. Turnips—per 28 lb 0.70. Apples—per 30 lb Bramley's 2.40-3.30. Pears—per pound Conference 0.08. Rhubarb—per pound, outdoor 0.03-0.04. Potatoes—per 56 lb white 1.10, red 1.20-1.25. Lettuces—per 12 0.90. Leeks—per 12 lb 0.80-0.90. Cucumbers—per tray, 12 2.20, 14 2.30, 18 2.30, 18 2.30. Carrots—per 28 lb 1.50-2.00. Swedes—per 28 lb 0.40-0.50. Parsnips—per 28 lb 0.90-1.00. Tomatoes—per pound 0.30-0.32.

JUTE

DUNDEE—Quiet. Prices c. and f. U.K. for May-June shipment: BWB £246, BWC [illegible]

VEGETABLE OILS

[illegible]

COTTON

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

	Apr. 30 1975	+ or —	Month ago
Metals			
Aluminium (w)	£278.8		£278.8
Free market cif.	£285-295		£280-300
[illegible]	[illegible]	[illegible]	[illegible]

* Nominal. † Seller. § Unofficial close. ♣ Indicative price. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." ‡ Unquoted. a Seller's quotation h January. k Jan.-Feb. u Metric tons r Jan.-March. v February. s Feb.-March t Nov. q May-June. w Nov.-Jan.

INDICES

FINANCIAL TIMES

April 30	April 29	Month ago	Year ago
162.97	163.27	173.14	226.56

(Base: July 1, 1952=100)

REUTER'S

April 30	April 29	Month ago	Year ago
1077.6	1080.1	1098.8	1398.5

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	April 30	April 29	Month ago	Year ago
Spot	284.07	287.50	312.46	346.40
Futures	266.64	270.86	290.48	311.65

(Average 1924-25-26=100)

MOODY'S

Moody's	Apr. 30	Apr. 29	Month ago	Year ago
Sple Comm'ty	726.8	732.2	749.7	715.2

(Dec. 31, 1931=100)

U.S. Markets

Silver declines: cocoa down

NEW YORK, April 30.

SILVER DECLINED on trade and commission house selling, while copper sold off on trade selling. Cocoa closed lower on spec. liquidation. Sugar continued to decline on general ringside selling. Chicago grains finished mixed, Bache reports.

Gold (troy ounces)—May 165.50 (166.80), June 166.50 (167.90), July 167.80, Aug. 168.90, Oct. 171.10, Dec. 173.30, Feb. 175.50, April 177.70, June 179.90, Aug. 182.10. Sales: 822 lots of 100 Troy ozs.

Cocoa—Ghana spot 61 (62½). Bahia spot 64 (65½). May 50.35 (51.75), July 46.49 (47.85), Sept. 46.23, Dec. 47.23, March 47.90, May 48.05, July 48.10. Sales: 1,564.

Coffee—Spot Santos No. 4 70.50 asked (same). Colombian Mams unquoted (same). C Contract: May 46.95 bid (46.75-47.00), July 48.85 (48.65-48.75), Sept. 50.50, Nov. 50.35 nom., Dec. 50.90-51.05, March 51.25. Sales: 223.

Copper—May 55.70 (56.50), June 56.20 (57.00), July 56.70, Sept. 57.70 settlements. Sales: 1,241 lots.

Cotton—May 45.75 (45.60), July 46.75-46.73 (46.45), Oct. 48.05-48.07, Dec. 48.85-48.95, March 49.75-49.80, May 50.40-50.50, July 51.15-51.20, Oct. 51.40 bid. Sales: 1,176.

Greasewool—Spot 131.0 nom. May 130.0-137.0, July 137.0-140.0 (135.0), Oct. 140.0-148.0, Dec. 142.0-147.8, March 143.0-149.0, May 144.0-145.0, July 144.0-145.8.

†Lard—Chicago loose 27½ asked (28 nom.). NY drummed 33½ nom. (34 nom.).

††Maize—May 288½-288½ (287½-287½), July 285½-285 (286½-286½), Sept. 274-273, Dec. 256½-256½, March 262-261, May 264½.

‡Platinum—July 145.20 (148.50), Oct. 149.00 (151.80), Jan. 152.00, April 155.00, July 161.00. Sales: 129.

‡‡Silver—May 430.60 (440.00), June 433.60 (443.30), July 436.50, Sept. 442.30, Dec. 451.50, Jan. 454.30, March 460.10, May 465.90, July 471-70, Sept. 477.50. Sales: 5,069.

*Soyabeans—May 543½-545 (537½), July 534-532 (527½), Aug. 527½-526, Sept. 521, Nov. 518-518½, Jan. 524, March 531, May 536, July 542.

bSoyabean Meal—May 121.50-122.00 (119.50), July 123.50-123.90 (122.50), Aug. 125.50, Sept. 126.50-127.50, Oct. 126.50-129.00, Dec. 132.00, Jan. 133.50-134.50, March 136.50-137.50.

Soyabean Oil—May 25.25-25.35 (24.95), July 23.55-23.80 (23.65), Aug. 23.10-23.20, Sept. 22.50-22.45, Oct. 21.75, Dec. 20.75-20.70, Jan. 20.25, March 19.75, May 19.20-19.50, July 16.70-16.90.

Sugar—Spot 19.00 (20.40). May 18.95 (20.20-20.35), July 18.60-19.00 (19.50-19.61), Sept. 18.25-18.30, Oct. 17.90-18.20, Jan. 16.90 nom., March 17.00-16.81, May 16.50, July 16.00-15.95, Sept. 15.90-15.80. Sales: 4,557.

Tin—340 nom. (339 nom.).

**Wheat—May 336½-336 (330), July 329-329½ (332-332½), Sept. 336-335½, Dec. 344½, March 351.

WINNIPEG, April 30. ††Rye—May 220½-bid (229½), July 220½ bid (219½ bid), Oct. 213 bid, Dec. 208 nom.

cOats—May 174½ bid (173½), July 171½ (179 asked), Oct. 167½ asked, Dec. 160 bid.

‡Barley—May 244 (242), July 237½ asked (254½), Oct. 226 bid, Dec. 220 bid.

dFlaxseed—May 844 (835 bid), July 824 (829 bid), Oct. 810 asked, Nov. 797 asked, Dec. 765 bid.

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 547½ (546½).

All cents per pound ex-warehouse unless otherwise stated. *Cents per 60-lb bushel ex-warehouse. †Chicago loose $'s per 100 lbs — Dept. of Ag. prices previous day. Drummed $'s per 10 lbs f.o.b. NY. ‡‡Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Decatur and Illinois. ‡ $'s per troy ounce for 50-ounce units of 99.5 per cent. purity delivered NY. **Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 24-lb bushel. ‡ Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots.

CONTRACTS AND TENDERS

FINANCIAL TIMES SURVEY

Thursday May 1 1975

BREWING

There were plenty of problems for the brewers even before the Chancellor of the Exchequer produced his Budget blow by adding 2p to the price of a pint. This means that the price of beer has risen over a third in little more than a year.

Not much cheer

This Survey was written by KENNETH GOODING

IF YOU see anyone in the brewing industry smiling just now it will be from force of habit. After all it is supposed to be a cheerful business. But there seems little that either the brewers or retailers of beer can be happy about at the moment. There were plenty of problems before the Budget. The Chancellor had to produce a really stunning blow to increase the headaches. However, he proved well up to the task. Even now it is still possible to see the glazed expressions his measure produced.

Beer prices were already soaring before Mr. Healey added 2p a pint (nearly six old pence, remember). As a result beer prices are nearly a third higher to-day than they were just before the March, 1974, Budget. This far outstrips the rise in the cost-of-living index and more price increases are in the pipeline to test the resilience of the British beer drinkers.

Highest

They certainly kept up the good work in 1974. Beer production last year was the highest so far this century. The brewers rolled out 38.52m. barrels, equivalent to 11,094m. pints. This was a 4.8 per cent. increase on 1973—another record year—and a result which pleased an industry which had expected a rise of only between 2 and 3 per cent. because the British drink so much beer already.

Expenditure on beer last year reached an impressive £2.14bn. and of that £492m. went to the Treasury in duty. (The Budget has added £135m. more—that is if the Chancellor has got his estimates right.) On top of duty, the Government collects more cash in the form of VAT.

It is still too early to judge just how the British beer drinker is going to react to the Budget changes. But there was one trend already becoming clear and it is a fair guess to say that it will accelerate because of Mr. Healey's measures.

People are tending to trade down to less-expensive beers. So, while the volume consumed stays at apparently healthy levels, the industry's income is not rising as fast as the volume trend suggests it might be.

The U.K. still offers a very wide choice of beers. Although many brands have disappeared as the industry has been rationalising over the past decade, there are still around 1,500 different beers on sale. So the scope for trading down is pretty wide. Bitter remained the most popular beer in the U.K. up till now and currently accounts for about 44 per cent. of all beer consumed. But lager remains the fastest-growing sector of the market. In 1960 less than one pint of beer in 100 drunk in the U.K. was lager. Now it accounts for 16 pints in every 100. Much of this growth has come from the increased sales of draught lager, partly because people switched from, bitter, but also because of the popularity of lager with younger drinkers.

There was a very nasty hiccough in trading last autumn, however. For a while it looked as if the lager rocket had suddenly disintegrated. It went into a no-growth situation. Recent indications are that it is getting back into something like its old shape. Sales were up 11 per cent. by the end of the October-February period compared with the same months a year before.

Margins

However, those forecasts that by 1980 at least 25 per cent. of the beer drunk in Britain would be lager must now be viewed with some scepticism until we see the full 1975 results. Will all bitter drinkers who switched to lager now be switching back again?

Apart from the price pressure on drinkers to trade down there could also be an underlying change in fashion taking place. The disciples of "real beer," led by the Campagne for Real Ale, could be dismissed a couple of years ago as a bunch of reactionaries who were attempting to turn back the clock. Now the drinker of traditional, "conditioned-in-the-cask" beer has to be taken notice of by the major brewers in particular. It is the majors that have had to bear the brunt of CAMRA's forceful word-of-mouth campaign. In recent months we have had Watney announcing it is putting a new "real" beer on sale; Courage is experimenting with old-style gravity pumps to deliver beer in some of its pubs and Gaskell and Chambers, one of the major suppliers of equipment to the industry, says there is a growing demand for these pumps. Even Bass Charrington, Britain's biggest brewer of beer, went out of its way recently to emphasise that nearly half the bitter it brews is cask conditioned.

What worries the industry both about trading down and any move towards cask conditioned beer improving its share of the trade is that the drinker will be giving up mainly those varieties, like keg and lager, which carry the bigger margins of profit. The brewers have for some years past been able to content themselves with the thought that the beers for which demand was showing the most growth were also the ones with the bigger profit margins. Any alteration in that situation, even a short-lived one, would prove uncomfortable to say the least. It would not only be uncomfortable for the brewers but also for the publicans who collect their share of the bigger profits.

Licensees also face the possibility that the trading down will involve drinkers taking their beer home rather than spending time in the pub. Mr. Healey certainly seems to have paved the way for the aggressive, cut-pricing retailers like the supermarkets to grab a bigger share of the take-home market.

The impact of these newcomers to drinks retailing (they first arrived in numbers only ten years ago) has already been substantial. Pubs have lost a great deal of their take-home trade. The brewers closed down 24 per cent. of their off-licence shops between 1968 and 1973 while pushing up by 44 per cent. the turnover of those that remained in order to compete with the new style traders in take-home drink.

At the same time on the production side they have had to invest heavily in canning plant because canned beer is the package the supermarkets prefer.

Investment of all kinds by the industry has dropped dramatically this year. The brewers have suffered as much as anyone else from the restrictions the Price Code puts on the recovery of cost increases. Beer prices have been going up regularly at the permitted three-monthly intervals but, even so, the brewers are not able to keep abreast of increased costs.

The three major brewers—Allied Breweries, Bass Charrington and Whitbread—have cut planned investment programes by half this year. The total involved is around £35m. to £45m., with Bass lopping £14m. off the £28m. it planned to spend and Whitbread halving its £40m. programme. Both Bass and Whitbread say that a major part of the cut-back will hit public-house refurbishing and development—both of them making the point that their pubs had been brought up to a "pretty high standard" already. But all operations will be hit. Alex Bennett, chairman of Whitbread, commented: "We are having a good look at everything in the business from sponsorship to advertising to how much we spend on pubs and everything else we do."

Fortunately for the major brewers, they got most of the new, giant breweries built before inflation really took off in the U.K. One indication of how costs have risen came from Whitbread when it disclosed that its proposed Western Brewery at Newport, Gwent, would cost around £30m. at to-day's prices against estimates of £12m. two years ago. This particular scheme is one of the victims of the brewer's cut in capital investment and has been poned.

The situation emphas... Courage's problems on the ... duction front. Courage ... needs a new production ... in the South-East to replace ... of-date equipment scattere... over the place and has alr... announced it plans to build. But while inflation goes c... ing along Courage will ha... be able to afford the outla... volved and even its huge pa... company, Imperial Group, is ... all that well off for invest... cash.

Interests

The Budget hit other d... harder than beer, adding 58... cent. to the duty of wine, ... really making a massive im... on the retail price of che... lines. Whisky and gin's ... price is now one-third hi... than it was at the end ... December, thanks to 64p on ... duty and 18½p a bottle incr... by the producers since Janu...

All the big brewing gr... have extensive wine and sp... operations, as producers, wh... salers and retailers. It has b... estimated that the brewers ... into the U.K. six out of e... ten bottles of table wine ... sumed here. They have re... in the past on the lack of gro... in one sector of the dr... market being compensate... elsewhere. There is no ch... of this happening this time.

The smaller companies sh...

CONTINUED ON NEXT PAGE

Worries for the small man

AT THE beginning of this year the future for Britain's smaller brewing businesses was beginning to look brighter than for a decade. Then along came the capital transfer tax legislation and put this sector of the industry under the largest threat it has ever faced. The legislation directly threatens 51 brewing companies which between them have 15,000 pubs and produce around 800 brands of beer.

Without a change in CTT many of these companies would be forced out of business within ten years. So serious is the situation that it brought together in a joint anti-CTT campaign the Brewers Society and the Campaign for Real Ale.

"We are faced with permanent damage to the country's family owned brewery businesses which will cease to exist within a generation," is the way CAMRA put the case in a letter to Ministers and MPs.

CAMRA suggested that this would lead to a reduction of choice for the beer drinker, that "price increases will be a distinct possibility" and that local unemployment would arise as "in many small towns the local brewery is the major employer in the area."

The point about employment prospects has been hammered home by many of the family brewers in discussions with employees and the trades unions. At Eldridge Pope, the Dorchester company, for example, Mr. Christopher Pope says: "We have told our employees that we have been absolutely determined to remain independent. But if the family shareholders are to be legislated out of existence that obviously cannot continue. There is, unfortunately, no guarantee that any new owner would want a brewery in Dorset.

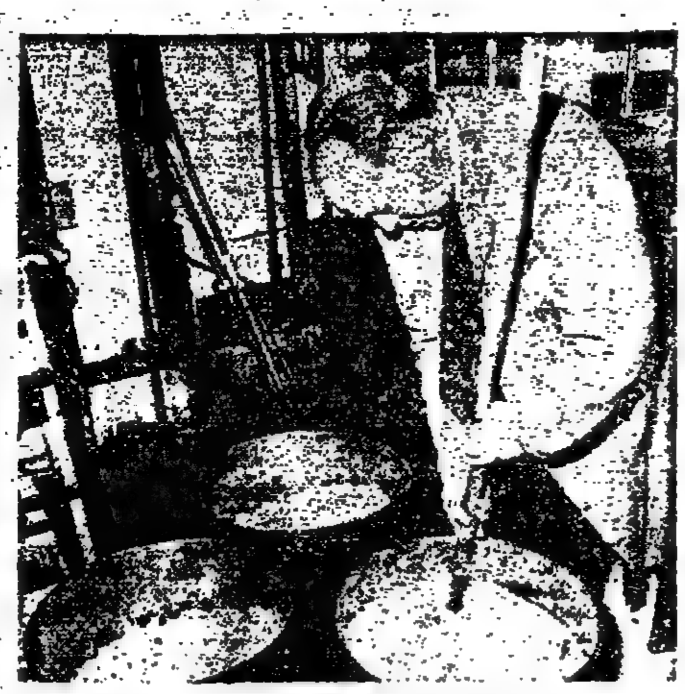
"If the brewery was to close—and it employs 250 out of our total of 1,000—there would be very little alternative work because most of the companies offering employment in this area are small family companies exactly like us and they will be hit by the tax too."

Mr. Roger Barker, a director of Mitchells of Lancaster, who with Mr. Pope has been actively involved in the anti-CTT operations, maintains that CTT will increase the amount of duty payable on a will to an extent which would cripple companies whose shares were held mainly by members of one family.

"It is impossible for the ownership of these companies to stay in a family and it is only the personal interest and care the family owners give to their companies that keep them going. A large number of family brewers have already paid death duties in their time and despite them the successors have decided to stay in business if at all possible. We have paid two substantial sums for estate duty and are only now climbing out of the awful chasm which they cause."

The consequence of CTT, maintains Mr. Barker, is that his company would before 1986 have to sell up to pay the tax.

"Many breweries are owned by trusts set up by previous owners to safeguard the continuity of the brewery. In 1986 we shall have to pay 30 per cent. of the value of the trusts to the State. This figure might be £300,000, especially if inflation continues to put up property values. Would you pay such a tax merely for the privilege of keeping part of your own business?"



Mixing the wort with the dried yeast at Youngs brewery in Wandsworth.

Status

That £300,000 figure refers to the concession made by the Government to safeguard small businesses. The Brewers Society maintains this is "no use whatsoever to the independent brewer because it only affects transfers up to that level and then only gives 50 per cent. relief for lifetime transfers so that the full rate of tax has to be met when the owner of the shares dies. Even a small country brewery with a handful of pubs is valued at well over £300,000 and the only way to ensure that these small businesses remain independent is to reduce the punitive rates of taxation higher up the scale."

CAMRA's suggestion is that the brewing industry should be given special status within the CTT legislation by means of complete or partial exemption "because it is likely to be so badly hit."

The organisation has pointed out that even under the old tax system Grays of Chelmsford last year had to sell its town-centre brewery so that the family could pay death duties. Under the new legislation the burden would have been even greater. At least Grays was able to retain its 52 pubs—which are now selling another company's beer.

Christopher Pope says that the tax will have a "progressively disastrous effect on many companies. The worst hit will be those with unfortunate early deaths."

Before the prospect of CTT put such a damper on the enthusiasm of the smaller brewing companies, they were buoyed up by their apparent reversal of the previous trend which had seen the major brewers taking more and more of the market.

The enthusiasm and volubility of the Campaign for Real Ale has made it fashionable for outside commentators on the industry to focus on the smaller concerns. Earlier this year we had the Financial Analysis Group stating that the smaller companies seemed to be gaining sales at the expense of their big rivals. "There is evidence that the smaller companies are maintaining if not improving their relative sales position and it would appear that some are more profitable than their giant competitors."

Stockbrokers Fielding Newson Smith, analysing the performances of Boddington's of Manchester and Young and Co., the Wandsworth company, pointed out that they had increased their sales at a faster rate than the overall market. "This progress might stem from prices which are by now keenly competitive with the national brands and of the connotations of value for money which have hardly been dampened by the development

Prices

Another stockbroking firm, Scrimgeour's, also concentrated on the point about prices. "The whole concept of keg beers, sold at higher prices than traditional beer, is coming under increasing attack and not just by CAMRA. We cannot overemphasise our view that a large part of the drinks market is fashion oriented and it is not out of the question that adverse publicity given to keg beers in the Press might gradually lead to some reaction from the consumers." The report also suggests that the rise in keg beer consumption over the past 12 years perhaps owed as much to the brewers' selling methods as to any change in people's taste.

Certainly the small brewery companies are less costly to run. Transport, administration and advertising costs are cut to the minimum because in most cases pubs are located very much closer to the brewery, hardly ever more than 50 miles away.

The absence of enormous chains of command also helps the small companies. Decisions can be given instantly by the small company whereas a customer might have to wait days or weeks for a request to make its way up the hierarchical ladder of some large concern.

All this should not obscure the very real problems facing the small brewer in the modern context, however. There are major problems over management. Many of the companies are family businesses and must rely on family talent to run them. No professional outside management is going to be attracted to a small company with a Board of directors who all have the same surname.

There is also the problem, in view of the U.K. corporation tax structure, of retaining enough cash in the business to keep pubs and brewing and packaging equipment up to scratch. The major brewers have set a fairly high standard of comfort in most of their pubs and this naturally raises the expectations of customers who will often avoid a dingy and draughty establishment even if the local beer it serves is like the proverbial nectar.

None of these difficulties pose anything like the immediate threat to the small brewers that the CTT legislation does. They are determined to continue the battle to get the legislation changed. However, as Christopher Pope maintains: "I feel that there will have to be some casualties before the Government understands what it has done and changes its mind."

THE THREAT OF CTT

According to the Brewers' Society, the following breweries may suffer from the introduction of the Capital Transfer Tax.

BREWERY	LOCATION	BREWERY	LOCATION
Adnams	Southwold	Jennings	Cockermouth
Arkells	Swindon	Lees	Manchester
Batemans	Wainfleet	Maclays	Alloa
Bathams	Brierley Hill	McMullens	Hertford
Beards	Lewes	Mansfield	Lancaster
Brains	Cardiff	Mitchells	Lancaster
Brakspears	Henley-on-Thames	Morrells	Oxford
Burtonwood	Warrington	Oldham	Oldham
Darleys	Thorne	Shepherd Neame	Faversham
Donnington	Stow-on-the-Wold	Paines	St. Neots
Eldridge Pope	Dorchester	Palmers	Bridport
Elgoods	Wisbech	Ridleys	Chelmsford
Everards	Leicester	Robinsons	Stockport
Fullers	London	Ruddles	Rutland
Gibbs Mew	Salisbury	St. Austell	St. Austell
Hall & Woodhouse	Blandford Forum	Simpkiss	Brierley Hill
Hardys & Hansons	Nottingham	Samuel Smith	Tadcaster
Hartleys	Ulverston	Timothy Taylor	Keighley
Harveys	Lewes	Theakstons	Masham
Holdens	Woodsetton	Thwaites	Blackburn
Holts	Manchester	Wadworths	Devizes
Home	Nottingham	Charles Wells	Bedford
Hook Norton	Banbury	Yates and Jackson	Lancaster
Hoskins	Leicester	Youngs	London

Heavitree of Exeter and Melbourns of Stamford who no longer brew but own pubs, are also thought to be in danger.

Not much cheer

CONTINUED FROM PREVIOUS PAGE

be better placed because their wine and spirit interests are relatively insignificant while their beer prices tend to be lower than those of the majors. And it is the small companies which have been benefiting from the swing to cask-conditioned beer. Some reports suggest that they have been regaining market share from the majors.

But the smaller brewers have problems of their own. Most of them are family businesses and they are threatened by the proposed Capital Transfer Tax legislation to such an extent that the Brewers Society has warned that as many as 50 of the U.K.'s brewing businesses could disappear within ten years if the CTT legislation goes ahead in its present shape.

If you are desperately searching for a bright spot amid all this gloom you could point to the fact that the Government's decision to ease rent restrictions should benefit the brewers with their big rented property interests.

Once the rent increase proposals began to take shape, however, there came howls of anguish and outrage from some tenants about their size. The tenants carefully chose to talk about the increases in percentage terms—which to be sure sounded outrageous. The real figures were not so disturbing when examined more closely. The campaign caused quite a stir, producing a number of questions in the House of Commons and wide-spread suggestions that tenant licensees would have to put up beer prices by 5p a pint to cover the rent increases.

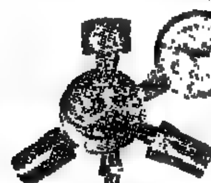
The brewers' reply was that in 1974 they spent £6.4m. more on maintenance than they received in rents on their pubs and the deficit had moved up to around £10m. Except for a period of 18 months, they pointed out, public house rents had been either restricted or frozen since 1966. This had made life difficult for an industry with £1.2bn. wrapped up in pub property. Since 75 per cent. of the pubs are tenanted "it is obviously in the interests of the brewers to maintain the goodwill of their licensees by restricting increases to figures which, for the businesses as they stand to-day, are reasonable," the brewers maintained.

The brewers' explanations probably did very little to take the heat out of the situation. What was more important, in my opinion, was that one tenant went, as was his right, to independent arbitration. And the arbitrator increased his new rent rather than putting it down.

There is no doubt that being a pub tenant at a time of rapid inflation is no joke. Like any good businessman at such a time he has to keep a careful watch on his prices and profits. But, with the brewers setting the standards on prices in their managed houses, the average tenant cannot get too far out of line.

The possible problem looming up for the coming year is the renewed interest some MPs are taking in Lord Erroll's report on the industry which suggested there should be sweeping changes aimed at easing the licensing laws and thus loosening the grip of the brewers on over-the-counter drink sales. While the brewers do not particularly fear the implementation of the Erroll suggestions—who else is to supply the drink to the new outlets which are *supposed to spring up*—but the tenants would be faced with longer hours and competition from the type of outlet that Britain has never seen before.

Publicans will probably not lose too much sleep over these possibilities. After all, a Government which could introduce such puritanical impositions as those contained in the recent Budget would surely turn its face away from the measures suggested by Lord Erroll to liberalise Britain's archaic licensing system.



Changes in the 'beerage'

COME SEPTEMBER Sir Gerald "Joe" Thorley is to give up the chairmanship of Allied Breweries, Europe's biggest drinks business. Sir Gerald, who will then be 62, will hand over to 44-year-old Keith Showering, a member of the family which made a fortune out of Babycham. This is just one of a number of important changes among the top people in some of Brita'n's major brewing enterprises which have recently taken place or are about to happen.

Sir Gerald has had 38 years' experience in the brewing business and he took over as chairman at Allied in 1969 when, to the great surpr'se of many observers, Sir Derek Pritchard gave up that role at the early age of 59. Sir Derek seemed to have a firm grip on the helm at the group. But when he decided to take on the chairmanship—in a non-executive capacity—of the Rothmans International tobacco combine it was not long before he was persuaded to give up the chair at Allied although he remained on the Board.

Those were the days when there was much talk about the tensions in the Allied Boardroom. The directors now say these disappeared many years ago.

What makes Keith Showering different to his predecessors at Allied—apart from his comparative youthfulness—is that he is not a member of the "beerage." Like Joe Thorley before him, he takes over without too much of an obviously successful management track record. While Sir Gerald can bow out having played a major part in eliminating the internecine warfare at Allied, Keith Showering faces the problem of showing the rest of the industry and the City pundits just what are the abilities which persuaded his fellow directors to put him in the chair.

To see him through the early years, though, he can count on the support of a Board which has some considerable experience behind it. There have been no wholesale changes at Allied with newcomers arriving on the scene. It is more like a shuffle of the old, familiar faces.

Keith Showering's connection with Allied began in May 1968, when the ambitious Showering company, which had taken over Harvey's of Bristol and just failed in a bid for International Distillers and Vintners, seemed to decide that a friendly merger with Allied would be a better way to "instant bigness." The Showering family shareholding in Allied—now standing at around 9 per cent.—is the biggest single stake, even beating the mighty Pru's 5 per cent.

If a member of the Showering family was to take over the chairmanship at Allied the obvious man was Francis Showering, Keith's uncle, a man with an iron will and, so it is reputed, the real architect of the family fortunes. It was Francis who "invented" Babycham which was launched in 1[illegible] by what was up to then a fairly small family business involved in making cider at Shepton Mallet for 300 years.

Of the three Showering brothers who helped build the company up, Herbert, Keith's father, died last year and Ralph retired in 1974. Francis Showering is 62 and that is probably the only reason he is not to become Allied's chairman.

Decided

Among the other changes resulting from Sir Gerald's departure will be the appointment of finance director Derrick Holden-Brown, 51 and a man who must have been among the front-runners for the chairmanship, as a vice-chairman. Allied is also bringing back Tom Boardman, the former Conservative Minister for Industry who lost his Parliamentary seat in October, as another vice-chairman.

Dr. Bernard Kilkenny, currently joint managing director of Allied's beer division, is to become chairman of that division while continuing as joint managing director. What has still to be decided is who will take over Keith Showering's role as chief executive of the wine and spirit division, one of the most important profit centres in the group.

The news that Sir Gerald was to give up the chairmanship at Allied naturally focused attention on Allied's major rival Bass Charrington where many of us have been expecting an announcement that Sir Alan Walker is to retire soon. As he was knighted in this year's New Year's honours, the time might seem ripe.

At Bass's annual meeting in January, one former employee told Sir Alan that he was known throughout the group as "God." Sir Alan told me later: "That is the first time I've heard of it." But it certainly fits the picture many of us have of him as the man who has such a strong grip on the helm that without him Bass just wouldn't be the same company.

He is a man with an unusual determination to keep his private life private. His entry in "Who's Who" is probably the shortest. He once explained: "I am only in there because of the job I do, so why should I mention my wife, children and all the rest. The same goes for newspapers, they are interested in me only because I am chairman of Bass Charrington."

What we do know about Sir Alan, however, is that much of his early life he spent travelling all over the world and for four years he was chairman of the Federation of Chambers of Commerce. In the mid-1950s he was joint managing director of United Molasses, leaving in 1956 following a policy dispute. Not long after he was called in by the families who owned Mitchells and Butlers and so started on his way to becoming one of the most powerful men in the brewing industry. M&B merged with Bass, then moved on to another merger with Charrington United Breweries. As these mergers took place there was no doubt who was going to be the man in charge and Sir Alan saw to it that things went remarkably smoothly.

His date of birth is just one of the usual items missing from "Who's Who" but Walker must have celebrated his 65th birthday by now—if only just.

Not so long ago Bass instituted compulsory retirement at 65 for anyone taking on a new pub tenancy and for employees. Sir Alan says this does not apply to directors.

Specialist

All the signs suggest that Bass, which is Britain's biggest individual producer of beer, will, like Allied, appoint a man with a non-beer background as its next chairman. Tipped for the post is Derek Palmar, 55, who built the early part of his career in merchant banking. He was one of the team which built up the Philip Hill banking concern along with Sir Kenneth Keith—it later merged with M. Samuel to become Hill Samuel.

A war-time lieutenant colonel at the ripe old age of 23, Palmer went on to become a specialist in City warfare—he was in charge of mergers and takeovers. And he was the man who helped to put together first the merger of Charrington with United Breweries and then the merger of Charrington United Breweries with Bass Mitchells and Butlers.

He has a wide range of experience, early training as an accountant, appointments while in banking to several Boards and even two years as industrial adviser to the Department of Economic Affairs in the days when Lord George Brown was in charge. One of his former clients summed him up as "a thoroughly competent, professional hard egg and as quick a summer-up as you could find."

Which is also an apt description for another accountant who now finds himself as chairman of a major brewing business. The man is Stanley Grinstead, 50. The brewing group is Watney Mann and Truman, a subsidiary of the Grand Metropolitan organisation but still fourth-largest of the U.K. beer companies.

Grinstead's job is probably the most awe-inspiring in the industry. He must rebuild the morale at Watney, smashed first by the takeover by Grand Metropolitan — bitterly fought and won only by a hairsbreadth —and then by many management changes which followed. He also has to re-establish Watney itself in the eyes of the public.

The most recent major change at Watney on the management team has been the resignation last December of Michael Webster, 53, and at the same time the departure of his "right-hand man" A. T. R. Nicholson, the finance director.

Webster spent 28 years with Watney and his family has been associated with the company for 200 years. He became chairman in 1970 and presided over many of the major changes which the company then rushed through on all fronts — production, distribution and marketing. The takeover battle with Grand Met. raged in the autumn of 1971 and it was not only the biggest in financial terms the City had ever seen, it was also among the most bitterly contested. So it was something of a surprise that as soon as it was over Webster accepted a place on the Grand Met. Board. This decision had much to do with noises by some trade unionists working for Watney about possible disruption if Grand Met. took over. By accepting a Grand Met. directorship, Webster cooled the atmosphere considerably.

Stanley Grinstead, now 50, who has taken over the chairmanship at Watney Truman (Grand Met. acquired Truman a year before Watney and has now to all intents and purposes merged them except on the marketing side) qualified as a chartered accountant in 1950 and became an FCA in 1960. He joined Maxwell Joseph in 1957 and became joint managing director of Grand Metropolitan in 1963 when it was a much, much smaller organisation. He works in harness with another accountant, 43-year-old Ernest Sharp. Both men are quick-thinking, intense men who work long hours. Both have a good sense of humour, although Sharp is the extrovert of the two—Grinstead prefers to smile rather than to laugh out loud, as befits a man whose hobbies are gardening and cricket (he is a member of Surrey MCC).

At Watney Truman, Gr stead has created a mana ment structure different fr most in the industry, split the brewing-distribution op tions away from the retail business in order that a be picture of profitability in e of these areas might be av able.

This enormous change top of all the others, has hel contribute to Watney's p lems of morale.

Joseph, Grinstead and Sh built the Grand Met. emp taking in 24 U.K. and foreign hotels, the Mecca d ing, bingo and betting comb Express Dairy and Berni among other interests—wi developing any sizeable cen organisation. The policy always been to push resp bility down the managem line.

Shape

In its new shape, the me the firing line at Watney man from now on are St Threadgill, chief executive the brewing operations, Eric Williamson, chief ex tive of the retailing busine now called Chef and Brew

Threadgill trained as brewer and has been in industry since 1946. By he was chairman and man director of Wilson's Bre Manchester, and still held position when it was m with Watney two years la

Eric Williamson, 51, is a keting and merchandising who a few years ago was de managing director of the Pr Polly stockings and tights sidiary of the Thomas Ti group. After a brief spell consultant he joined Berni —then independent—in 19 chief executive. Berni was ta over by Grand Met. in 1970 a Williamson went along to Maxwell Joseph if Berni m buy Grand Met.'s Chef Brewer steak house ch Joseph thought about it and gested that, instead, Berni his group.

While Grand Met. ha all sorts of problems Watney, the acquisition by Imperial Group of Cour fifth-largest of the Br brewers, has proceeded, on face of it, pretty smoothly. it has led to changes at Cour the most important being rapid promotion of B.B.C. (F Watson, Courage's chief ex tive to the main Imperial B which resulted in Cou losing his services.

CONTINUED ON NEXT PAGE

Recruitment slows down

IT IS fair to say that, in general, the brewing industry is not recruiting people at the moment. One estimate has suggested that the industry is experiencing the biggest slump in recruitment for eight years. But this does not imply that the redundancy rate has risen significantly or that it is likely to. Brewing is probably able to weather economic storms better than many other industries.

However, labour is becoming more and more expensive and when profits are being eroded in the way those of the brewers have been over the past year, the workforce is an obvious target for possible economies. What has been happening, though, is that people who retire or leave for another job elsewhere are often not being replaced.

The activities of the brewers—particularly the major companies—are so varied that they offer a wide range of jobs to people of many skills. But the mergers of the past 15 years have taken their toll already on the numbers employed, particularly in brewing and distribution where enormous rationalisation has followed the urge to merge. The total employed in brewing has dropped steadily from 90,000 in 1970 to 68,500 by July of last year.

And, because the new types of beer keep much better than the old ones, the brewers can produce them more evenly through the year and stockpile for the periods of peak demand. This means that the industry's need for seasonal labour in production and distribution is by no means what it used to be.

Fleets

Beer still has to be distributed, however, and at times of heavy demand such as Christmas the brewers have to call on outside transport contractors to take on that part of the work with which their own fleets cannot cope—even though the industry has an estimated 10,000 vehicles of its own.

The big new breweries also clearly deserve the term "production units" so often applied to them.

At a typical new brewery you will probably find a plant director (or manager) and reporting to him will be the head brewer, a quality control manager, an engineering manager, a personnel or industrial relations manager and a plant accountant.

Brewers are easy to come by. The industry recruits them from among science graduates, particularly chemists. The head brewer at a new brewery would command a salary of around £6,000 a year.

But the industry is short of engineers. With new breweries and their equipment costing up to £14m. a time (and £30m. in the future), preventative maintenance — especially on the expensive beer packaging equipment—is absolutely vital if the equipment is to earn a decent return. And maintaining this kind of equipment is no job for a man with a bag of tools tucked under his arm.

Graduates

The industry is searching for mechanical and chemical engineers to work at its production centres, offering salaries that are competitive with those in other industries. Many companies will recruit engineering graduates and train them.

Also in the demand at the moment are industrial relations managers—many have been recruited from the food industry in the past—and distribution managers.

Distribution has, as in so many other industries, been the Cinderella job in brewing. But now costs have risen so sharply, creating a need for competent distribution managers, and the companies realise that you must offer the pay and opportunities to attract the right type of men. Once again the brewers are recruiting graduates for this task and then giving them training.

At the retailing end of the business there are plenty of jobs in the brewers' pubs, hotels and other outlets. But pay tends to be low and there is a large "casual" element.

If you want to run a pub it is as well to remember before applying for a tenancy that the brewers, especially the majors, have considerably changed their attitudes towards prospective tenants now that the cold light of commercialism guides their paths. These days the brewers look for a professional approach. If you are a military gentleman about to finish that career and would like to pass the next few years in a cosy and convivial occupation — forget it. If your driving ambition is to take your cash savings, invest them in a pub with potential and squeeze the last ounce of profit out of it—then apply at once.

One major brewer described the situation this way: "What we look for is energy, professional training and some cash. We think of the pub as a partnership between the owner—that's us—and the retailer.

"As brewers we have a lot of money tied up in the property and we want the retailer-partner to develop the business for us. We 'grew' the business together."

A pub from which you could expect to make a reasonable living would involve finding an "ingoing" of between £5,000 and £15,000 (the cash covers stock and furnishings as well as providing a security deposit). You could certainly expect to make a net return of 25 per cent. a year on your outlay—"net" being after all living expenses because a pub provides rent, rates, food and drink for the tenant.

This makes it all the harder when the time comes to leave. For a tenancy is no longer the lifetime thing it once was. Most brewers now insist on retirement at 65.

With around 68,000 pubs still scattered about the U.K., however, there are still a few of them which would involve an outlay of just a few hundred pounds and where a middle-aged or retired tenant would be welcomed. But they are small, almost always in a rural area and prospective tenants would probably be told that they would need every penny of their pension—or the income from another job—as well as the money from the pub if they wanted a reasonable standard of living.

Footholds in Europe

Most of the major U.K. brewers have built pubs overseas and in this picture is the Double Diamond in Rotterdam, built by Allied Breweries, and constructed largely of fittings salvaged from London pubs which have had to be demolished.

proceedings are pending."

One of the more peculiar aspects of this bizarre story is that Grand Met. cannot find out just how badly Watney has been hurt by the situation. In Belgium criminal proceedings take precedence over civil suits and the criminal prosecutor has all the documents which Watney would need to establish exactly what its situation will be.

Attention

While attention was focused on Agevin, another major problem which hit Watney in Belgium was naturally rather overlooked—or rather it did not receive the attention it deserved. Sales of beer from one of the breweries it had bought when ploughing £28m. into its Belgian operations plummeted after a bad brew got onto the market—a happening that any brewer dreads. The brewery concerned was the one at Vandenheuvel. Watney has now closed down both the brewery and its bottling department and will have some hefty redundancy payments to make as a result.

On the brighter side the lager brewery which Watney acquired, Maes, has been booming. Extra capacity came on stream last February and profitability this year will show a significant improvement.

There was a time when it seemed that Watney might put the Belgian business up for sale. But now, with the problem areas sorted out, albeit at some expense, the group is left with operations which it will probably want to keep—unless somebody makes it an offer it can't refuse.

Most of the U.K. brewers with Continental businesses already have interests in Belgium for that country provided the obvious base for a Common Market attack. Apart from the fact that the Belgians are prodigious beer drinkers, the country also offers a base from which to launch into Northern France, the only part of that country where there is any quantity of beer consumed.

Whitbread has a brewery in Belgium for this very reason. Based at Ongerzele, it provides around one third of Whitbread's Continental European beer requirements.

Bass Charrington gained its first Continental European production foothold in Belgium as well. It acquired Lamot in 1970. This concern has a brewery at Mechelen and Bass has been spending £300,000 a year to expand production of this operation. That is on top of an initial outlay of around £1m. to bring some of the 2,000 Lamot outlets up to a higher standard and to buy 300 new ones.

Courage, now a subsidiary of the Imperial Group cigarettes and food combine, has an associate in Belgium, John Smith's Brewery, which imports pale ale for bottling and marketing under it own label. (Another attraction for the British brewers about Belgium was that it was the only European market which had a taste for British-style beer or ale; most Continentals will drink nothing but lager).

The smaller U.K. brewers usually cannot find the resources to go into Europe but one manages it. Young's, the small Wandsworth concern, has a trading arrangement with Piedboeuf, one of the top three Belgian groups, which has allocated one of its breweries for production of Young's beer.

This concentration of British interests in Belgium has a nice irony at the moment for that country, like the U.K., has established rigid price controls on beer. Brewers have not been able to increase prices at a time when costs have been going up perhaps not at the British rate but certainly much faster than could posibly have been forecast at the time the acquisitions and other capital investments were made.

Even comparatively recent purchases, bought on terms designed to have them break even after interest was paid on the cash raised to finance them, have been hit by high interest rates and are probably now loss-makers.

For example, Watney paid £18.5m. for a 76 per cent. stake in Stern Brauerei Carl Funke, one of the top ten brewing concerns in West Germany, a little over a year ago. In doing so it became the first U.K. brewer to establish a foothold in this important European market, the biggest in terms of beer consumed.

Grand Met. cannot complain about that situation because it had its merchant bank S. G. Warburg involved in the deal and actually helping it to fruition. But interest rates will have to come down a little before the acquisition is paying for itself again.

Price

Watney was willing to pay a comparatively high price for its stake in Stern because it feels that the German industry will eventually take the path brewing took in Britain and that some time in the future there will be half a dozen giant companies dominating the market. Watney wants to be among the big boys when the rationalisation is over.

Bass took a different approach to its European business but one that has brought it problems, even if they are a different set of problems. Bass has gone for retailing in Europe—it had been developing a chain of English-style pubs but this was taking a great deal of time. Then it splashed out £25m. for most of the Esso motor hotels in Europe which, in the words of its chairman Sir Alan Walker, allowed it "to swoop into Europe and achieve a major position."

Bass had the bad luck to complete the deal before the oil crisis which not only hit motoring but tourism as well. Chairman Sir Alan Walker reported, "The past year has been a disappointing one for the hotel industry throughout Europe. On the Continent trading conditions have been extremely difficult and our Esso hotels were badly affected by the petrol restrictions which applied for part of the year and by the fall off in tourism." The U.K. Esso hotels improved their performance but profits are being hit by increased costs and the Price Code.

Bass's major U.K. rival, Allied Breweries, the Ind Coope, Tetley and Ansells combine, is heavily entrenched in Holland, a country which has also been suffering from the oil crisis. Allied has been spending heavily on its Continental European interests which it began acquiring in 1967 with the purchase of the Oranjeboom company in Rotterdam. Soon afterwards it bought the Breda brewery and the merged companies now operate under the Skol name. Last year Allied spent around £8m. in Holland, most of it on new bottling lines at Breda and a new soft drinks centre in Dongen.

While it has been natural for the U.K. brewers to concentrate mainly on Europe for their non-British operations, there have been exceptions to this rule. Whitbread tried to establish itself in South Africa but retired hurt (financially that is). Courage soldiers manfully on in Australia with a brewery in which local interests and British-American Tobacco have stakes but with little to show for it so far. Since 1968 the cumulative losses total more than A$6m. (£3.4m.).

Guinness has become particularly strong in the world's equatorial belt and just over a year ago completed another brewery outside the U.K.—in Jamaica. Guinness has found that comparatively small breweries can be made to be profitable in its overseas markets. (Apart from the five countries where it has its own brewing operations there are nine others where brewing is done under licence.)

There are definite signs that the slow growth of the U.K. market is spurring Guinness on to make extra efforts elsewhere. Within the past couple of months it has announced deals in both North Germany and Australia. The North German arrangement aims to treble sales of Guinness there via an agreement with the Haake-Beck Brewery of Bremen. This company is probably second only to Holsten in the brewing league in Northern Germany and has about 20,000 outlets where Guinness will now get some selling-in support.

In Australia, Guinness has licensed Toohey's, the Sydney-based brewers, to produce the ale there, a deal involving a switch from the South Australian Brewing Company in the less-populous Adelaide. An interesting side issue here is that Allied Breweries has a 14 per cent. stake in Toohey's. That should not prove too difficult a situation for Allied and Guinness have some joint ventures in Ireland already.

For most brewers, though, it is the Common Market which provides the interest. And it was natural that an EEC country should figure in the only major Continental acquisition by a British brewer last year.

Stake

Whitbread, which has relied mainly on forging strong trading links with powerful Continental partners — with Stella Artois, largest of the Belgian brewers, for example, and the giant Societe European de Brasseries group in France —got a toehold in the Italian beer market, the fastest-growing in the EEC.

With Heineken as its partner it bought a majority stake in Birra Dreher, the second-biggest group of breweries in Italy and one with a market share of about 20 per cent. Dreher has six breweries, in Trieste, Pedavena, Genoa, Turin, Taranto and Sardinia.

Whitbread and Heineken, the company which dominates the Dutch beer business, have had trading links for many years and there is a long-term agreement under which Whitbread brews and markets Heineken lager under licence in the U.K.

Whitbread chairman Mr. Alex Bennett has made it clear several times in the past that his company intends to strengthen its ties with its Continental trading partners and improve its position in Europe that way. "This will provide us with great opportunities for the future."

But as if the Watney-Belgium situation was not a dire enough warning, more recently we have heard that Cadbury Schweppes has come a nasty cropper over its venture into the brewing business in Europe. It announced that it had taken a serious look at its investment in the Cervezas de Santander brewing concern in Spain, decided to put no more cash into the Spanish brewing industry and to make a special provision of £4.5m. against the investments there.

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Watson, who is in his fortıes and is the son-in- f chairman Richard Cour- is now obviously in unning for the top job a ial itself. Currently is isting J. D. Pile who took as the new Imperial chai- n March.

many years, up to the time nt into semi-retiremen in onlookers often gained the ssion that Hereward Stal- he managing director, was one-man-band—who ran ge single handed. He was ging director from the me ourage group was fomed 0. Now 63, he was called into action soon after the r and not only is a mem- f the Imperial Board but so deputy chairman of ge. Richard Courage, 61 ear, remains chairman but eling is that he will want nd over some time soon.

vice

er Steel, 52, Eton-educated man who joined the old ge and Company in 1946 service in the Fleet Air became vice-chairman Ben Watson moved to ial. He is also on the ial Board.

rage's new managing or is Martin Bıring, still 1 and who joined the in 1961. He is another public schoolboy, this rom Rugby School. Peter assistant managing direc- 49, and has been with ge since 19.. after 19 years' service with the Royal Horse Artillery and Airborne Forces. He recently also became chairman of Courage Brewing, the holding company which co-ordinates all the brewing operations.

Clearer

Whitbread has also in recent months made the management line of succession a little clearer. Alex Bennett, 61, has now decided to concentrate on the chairman's role and has dropped his responsibility as chief executive, which used to go in harness with the chairmanship. Bennett is a rarity in the big brewing groups to-day, a chairman who actually trained in the craft of brewing. That was in 1935 when he first joined Whitbread. When he took over as chairman in 1972 it was to follow Col. William Whitbread who had been in the chair for 27 years. The head of the Whitbread business has in its 235-year history invariably been a member of the family. But Bennett broke this tradition as he is not connected with the Whitbread family—except as a long-time colleague and confidant of Col. Whitbread.

Whitbread's new chief executive is Charles Tidbury, 49. He joined Whitbread as a brewer in 1953 after schooling at Eton and a spell in the King's Royal Rifle Corps. From 1959 onwards, however, his responsibilities switched more to the marketing side of the business. He became deputy chief executive in 1972 and chief executive in October last year.

BOOKS

Tum-tum BY C. P. SNOW

The King, the Press and the People, by Kinley Roby. Barrie and Jenkins, £6.50: 335 pages

Uncle of Europe, by Gordon Brook-Shepherd. Collins, £5.50; 384 pages

Edward the Rake, by John Pearson. Weidenfeld and Nicolson, £3.50; 160 pages

Edward VII, by Dennis Judd. Macdonald and Janes, £3.95; (softcover) Omega Books, £2.25; 207 pages

The reason for this celebration — or partial sanctification — of Edward VII is not that this year is any particular anniversary. It isn't even that any startling new facts have been discovered. It is simply television. Whatever it doesn't do, television sells books—apparently whether a series is bad, as with the misconceived *Pallisers*, or very good, as with *The Forsyte Saga*. Incidentally, it is extremely foolish to change into a superior tone of voice when mentioning television. It can be, and often is, an admirable medium for art, and sometimes gets nearer the essence of a book more deeply than either the stage or cinema. We don't yet know what the BBC 2 Edward VII will add up to, but the initial signs are fairly hopeful.

Meanwhile here are the attendant books, or at least some of them. They combine to give a remarkably unanimous picture of Edward. He is a monarch made to measure for our times. He didn't struggle with his conscience. He was no sort of moral athlete. He was as permissive about himself as is given to man to be (though not always permissive about other people, and, as we tend to forget, rigid about the appearances of behaviour).

Mr. Roby's *The King, the Press and the People* is perhaps the most searching, of these books. The author is an American academic of English origins, and has used the American detective thoroughness to which modern biographical scholarship owes so much. Edward was treated sternly by the respectable press, and hilariously by the scurrilous press, right up to the time he came to the throne at the age of sixty. Mr. Roby has studied the files, including those of periodicals like the Tomahawk of which most of us have never heard.

Mr. Roby likes Edward a great deal, as all these writers do, though Mr. Pearson, a somewhat more cynical commentator, has his doubts. In Mr. Roby's case, the sympathy is so strongly felt that he can't help showing something like acute dislike for Queen Victoria and the Prince Consort. This ought to be controlled. True, the way they brought up, and tried to educate, the young Bertie was in effect unkind or, even more culpably, stupid. Lord Melbourne, the wise, the unillusioned, warned the Queen. You mustn't expect too much from education, he said, that is one of the greatest mistakes. But by that time Victoria was not half in love with Lord Melbourne as she had once been, and didn't listen. Bertie had to be made into the perfect man, that is, as much like his father as possible.

It is important not to overcompensate, and in identifying ourselves with the womanising, food-guzzling son to dismiss the virtues of his father. Albert was a man of genuine seriousness, profound rectitude, and very high intelligence. The kind of education he had had himself, and which he thought suitable for Bertie, would have been excellent for a clever academic boy to whom habits of obsessive work came easy. Unfortunately Bertie was not a clever academic, and he was the opposite of obsessive, except about women, all his life.

He just wouldn't, and couldn't, pick up much from those hours at his books, six hours a day, six days a week. His parents' reponse was to make him work harder. Curiously, they don't seem to have realised that, in some respects, though not in the orthodox 19th century drill, he was quite bright. For instance, he was a fine natural linguist. They probably took it for granted that he should be bilingual in English and German: but it must have escaped them that, from a very early age, he spoke French almost as well as either.

His mother thought that he was unteachable. She was a woman of overwhelmingly passionate emotions. She worshipped her husband. She seems to have reacted with her usual violence against childbirth, the rearing of children, and sometimes children as such. She exhibited the extraordinary Hanoverian revulsion against her heir and successor-to-be, reminder of mortality. At times she seems to have hated Bertie. But Mr. Roby especially, and to an extent the other writers here, sometimes overlook the surging sweeps of her temperament. She didn't think much of him, but he was hers. In periods of trouble—and he had plenty—she was his final and strongest resort.

Anyway, he had a wretched childhood. He made up for it afterwards. That is, he found nothing better to do than to chase after happiness, and was bored and depressed when he wasn't getting it. His inner resources were very shallow, and so he was often bored and depressed. He was bored when he wasn't engorging enormous meals, in bed with a woman (he had a peculiar, and distinctly unusual, kind of promiscuity, which Mr. Pearson might have examined further), taking part in colossal slaughters of birds and animals, going to races, performing gross practical jokes—and, in later life, taking part in personal diplomacy.

There is no question about his touch and flair in diplomatic manoeuvring. He liked people round him to be happy, which is a good start in making human contact, and he had considerable skill in helping them to be so. He knew a good deal about human weakness, and was familiar with most of the high personages in Europe. He was easy in any court on the continent without interpreters, which was more a help than it might seem. He wanted general affability and peace, and did his best.

How much he actually achieved, or whether he made a perceptible difference, is arguable. Here Mr. Brook-Shepherd's is much the most instructive of these books. Mr. Brook-Shepherd is an experienced diplomatic journalist, and has written shrewd works on the subject. He is the first person to have had access to the private papers of that singular figure Soveral, Portuguese Ambassador in London for many years, womaniser on Edward's scale, and in Edward's later life his closest male intimate and friend.

In the end, Mr. Brook-Shepherd comes, judiciously but quite firmly, to the conclusion that Edward deserves a bit of credit. Certainly the power situation was such that the major European countries had finally to align themselves as they did in the 1914-18 war: but Edward did something to smooth and quicken this process—and the more definite the alliance became, the more hope, though only a flimsy one, that peace could be maintained. Maybe Mr. Brook-Shepherd overstates his case a little, but it is very well worth attending to. And it adds to the self-indulgent radiance that still emanates from Edward's abundant form.

Mr. Judd's *Edward VII* is a beautiful picture book, packed with illustrations which will come fresh to most of us and lighten up the scene. Some, one hopes, may already have been useful to the television producers. Mr. Pearson's book is in spite of its limitations a good and lively read.

Edward VII and George V on Derby Day

Taken by Storm

BY ALAN HODGE

A Kind of Survivor by Guy Chapman. Gollancz, £5.00, 288 pages

Guy Chapman was still working on the memoirs of his original and varied life when he died nearly three years ago. His widow, Storm Jameson, writes an admirable preface to the volume she has seen to press in which she quotes one of his fellow-professors at Leeds University, where he held the chair of history from 1945 to 1953. Bonamy Dobrée said: "It might be fair to say of Guy Chapman that he grumbles his way through life with indomitable gaiety . . . He would triumphantly survive Professor Nichol Smith's test for a man of sense—to have a proper appreciation of Dryden and claret."

In his memoirs Guy Chapman describes his first meeting with Storm Jameson, then a young Yorkshire novelist. She had become the London representative of Alfred Knopf, the New York publisher, and he in 1923 was running his own firm of Chapman and Dodd. She came to his office on a freezing January day.

"Wearing a heavy coat over a faded pink knitted dress, and
a hat which did not s
She was rather lovel
long cool grubby fing
she held herself bad
made me think of a w
foal, unbroken and
ingly awkward."

He soon found himself
to her incautiously, as
to himself; and a most
marriage followed.

Guy Chapman was
1889 into a family of
and land-agents who
Kensington. Westminst
his school and Christ Ch
college. He graduated
and at his family's beh
the law, without find
pleasure in it. Before t
World War absorbed h
the Royal Fusiliers,
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London publishers —
Laurie was the first to
his gifts. Of the Firs
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account in *A Passionat
gality*, one of the best
the late 1920s on wa
ences.

Guy Chapman's diver
one of his charms. At
of his memoirs, he says
I shall miss poetry in t
Nothing else."

Gambler novelist

BY REX WINSBURY

Dostoevsky and the Age of Intensity by Alex de Jonge. Secker and Warburg. £4.90, 244 pages

*If the aim of literary criticism is to kindle or re-kindle the desire to read the author under study, then this book is a definite success, despite some reservations about its style and intellectual framework. To read Mr. de Jonge's effectively chosen quotations from Dostoevsky's novels and stories is to re-live the shock, fascination and almost physical disgust with which one first encountered his gallery of rogues and bankrupts.

The heart of this book is, in effect, a series of essays on certain themes in Dostoevsky—Gambling, Sex, Masochism, Ideology, the City, Time, Suicide. Mr. de Jonge knows his way about the novels—being half-Russian, he presumably has the great advantage of being able to read them easily in the original, whereas non-Russians like myself have often found Dostoevsky's Russian vocabulary bafflingly rich—and the singling out of these themes has the effect of fresh revelation on the
ideas and obsessions
prodigious novelist.

The pity is that Mr. de
own style, in cont
Dostoevsky's, is strain
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A rather half-hearted
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that. But if Mr. de Jonge
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Dostoevsky's vivid desc
of London in his lesse
piece Winter Notes
Summer Impressions, w
Londoners are a del
discover, courtesy of
Jonge, and when range
the novelist's descrip
Paris and St. Petersburg,
illuminate the urban
in which Dostoevsky's c
mostly lived.

Henry James has his first taste of Europe BY T. C. WORSLEY

Henry James Letters: Vol. I edited by Leon Edel. Macmillan £10. 487 pages

Leon Edel must now know more about Henry James than anyone else living. He has already completed the Life in five volumes and the editing of the Collected Plays, and now is starting on the letters in what may well be three or four volumes. This first is just short of 500 pages and takes us only up to James's 31st year.

Previously we have had to rely on the Percy Lubbock selection of the Letters and since this was got together in the last year of the Great War it was naturally incomplete for all its length. In particular it didn't start until James was well established and consequently one had come to think of him having been born middle-aged.

Mr. Edel's volume starts very much earlier when James first visited Europe with his family and wrote a long series of letters to his great friend Thomas Sergeant Perry. These (together with the photographs of a personable and sensitive young man) reveal the adolescent James, now enjoying riding, skating and walking the kind of distances we would nowadays describe as "hikes." Even more surprising they show a pronounced appetite for beer and ale. These letters are already "literary" in a markedly personal style, playful, ironic and sharp-eyed for the revealing oddities of human behaviour.

The letters become even more interesting when he takes a Grand Tour on his own. He had already made a promising start on his career with short stories and book reviews in several of the best magazines, and from his Grand Tour he added to his publications a series of travel sketches. The basis for these we see in his long letters home addressed to one member of the family but meant to be read by all. Travel sketches apart—and these included portraits of such literary lions as George Eliot and William Morris—these letters reveal a very warm feeling for his family amounting almost to homesickness. And his comments on Europe could at times be very tart as, for instance, this comment from Rome on the Papacy:

> That flaccid old woman waving his ridiculous fingers over the prostrate multitude . . . it's absolute *obscenity*.

But the pictures and the ambience of the town itself reconciled him to Rome, just as he fell victim to the charms of England in spite of what he called the terrible cookery.

He had one more spell in America during which he wrote his first publishable novel, *Roderick Hudson* (the never counted *Watch and Ward* or *Confidence*, his apprentice efforts) as a serial in the Atlantic Monthly, and more stories, sketches and reviews, and so felt secure enough to make the complete break and transfer himself finally to Europe.

The security was the simple question of money. He arranged that his father should provide a sum sufficient to cover his needs, and that all his earnings should be paid direct to his father. Thus he discovered in safety that he was perfectly able now to support himself. He was very realistic and down to earth when it came to money matters. For instance, he got himself appointed as a sort of cultural correspondent in Europe for *Tribune* on a weekly basis and was not very happy at the proposed rate of $20 per letter:

> It's a smaller sum than I should myself have proposed, but being as you say good newspaper payment, I summon philosophy to my aid.

All his life he was to worry about money and, as here, imagine that he was not paid enough. But more importantly we see almost throughout the period these letters cover his pre-eminent subject, the contrast between his fellow Americans and the Europeans, though he hasn't yet reached what was to become the moral centre of his greatest novels, the innocent Americans struggling against the corruption of the comparatively civilised Europeans.

Indeed in a letter from the Grand Tour his opinions seem rather the reverse: his comments on his fellow countrymen are virulent; they are:

> vulgar, vulgar, vulgar. Their ignorance, their stingy, grudging, defiant attitude towards everything European. . . .

While the English, especially, are just the opposite:

> You see Englishmen, here in Italy, to a particularly good advantage. In the midst of these false and beautiful Italians they glow with the light of the great fact that after all they love a bath tub and they hate a lie.

What, of course, one notices there—apart from the idiosyncratic style that is developing—is the epithet "false" for the beautiful Italians and one thinks at once of *The Golden Bowl*. And four years later with the style still more complex he complains of being homesick, of his "destiny of desolate exile" of the dreary necessity month after month of not seeing one's American friends "for the sake of this arrogant old Europe which so little befriends us."

But one needn't be reading these letters merely for such light as they may throw on the characteristic subject and style which are still only in bud. They can be read for themselves alone, for their vivid response alike to art, nature places and people. He suspected that his family would regard these years as being a self-indulgent form of idleness (and it was true to the end, so much so that his American nephews were to be genuinely surprised at the admiration with which he and his work were regarded in England when it came to dealing with his papers). But James himself was in no doubt about how valuable they would be to his future as a writer and already he was completely confident about that.

Mr. Edel's editorship seems to me to be exemplary. He has, of course, had to select from a mass of material since James was a prolific letter-writer. But one feels confident that it is only reduplications that are excluded. And I myself find his terse explanatory notes to be very useful, and instead of gathering them into a clotted appendix or allowing them to break up the text with page by page footnotes, he appends them to the end of each letter. This strikes me as an ideal arrangement.

Fiction

Third person singular BY ISOBEL MURRAY

Tank by Michael Kustow. Jonathan Cape, £3.50; 204 pages

The Dead of Winter by Dominic Cooper. Chatto and Windus, £3.50; 216 pages

The Chrome Connection by Margaret Simpson. André Deutsch, £2.50; 155 pages

The Designated Heir by Maxine Kumin. André Deutsch, £2.75; 174 pages

Judas Country by Gavin Lyall. Hodder and Stoughton, £2.95; 221 pages

The three years in the late sixties when K directs the arts institute are largely successful in conventional terms, and anguished in private ways. He is appointed Director shortly after the failure of his marriage, when he is broken and emotionally crippled by his wife's rejection. He embarks on a relentless sexual tour that does little to heal his wounds or satisfy the emotional needs he cannot understand.

Meanwhile, he feels the need to be creative, but cannot find a creative role: the perpetual presentation of other people's artistic achievements is insufficient—being director of a contemporary arts institute is in essence frustrating for him; the more because he joins a somewhat complacent, fractionally cosy organisation, with a pressing need to turn it into a truly radical and experimental centre, and finds financial and tactical, even diplomatic problems. To a great extent he succeeds, but succeeds also in driving himself and his staff to distraction, and he is eventually forcibly retired. This is an outline of the inner and outer dramas in the life of K at this time.

Michael Kustow approached his first novel acutely aware of the traps that can be created by "fiction" which is only transparently translated fact, and he deliberately subtitles *Tank* "An Autobiographical Fiction." His hero is not Kustow but K: he is director not of the Institute of Contemporary Arts but just of "the Institute," and his aim is to produce neither a documentary autobiography nor reality transposed into a novel, but something in between, which involves a good deal of self-investigation. I found myself reading it very much as truthful personal history: Kustow's experiences and his personality (or K's) are both varied and interesting, so I found this many-faceted journal absorbing.

Dominic Cooper's solution to the necessary amalgamation of imagination and experience is a more traditional one, and *The Dead of Winter* succeeds because of his extraordinary feeling for and knowledge of the country he is writing about, and his imaginative creation of a central character of unusual stature. Alasdair Mór lives alone in a deserted village on an island in the Inner Hebrides. He is the last inhabitant of Cragaig, a remote fishing village gradually depopulated by poor crops and catches and the drift south to find work. He grew up in the last family; his parents died, his brother emigrated, and Alasdair Mór remained, with sheep and hens and cow, making a precarious living, in every sense, as a lobster fisherman.

His hard and peaceful existence is suddenly threatened by the unexpected and unjustified hostility of An Sionnach (the Fox), a newcomer to the island. An Sionnach is mean and cunning and implacable in hatred and he attacks the gentle Alasdair Mór in a series of cruel violations of the traditional ways, until Alasdair comes to murderous anger. In the end An Sionnach ceases to matter: at the last he is seen as no more than an agent in the last battle between a cruel and inhospitable land and a determined but ultimately defeated people. It is a powerfully moving book.

The Chrome Connection is a very modest book, giving the appearance of being simply a topical thriller. In fact, it is also an extraordinary and intelligent novel, in which Margaret Simpson fascinatingly explores modern political questions in fictional form. We sit and react to our television screens describing the urban terrorism of the Tupamaros guerillas, and whether we condemn them as guilty of senseless and evil violence or extenuate their actions in terms of oppressive and exploitative régimes which provoke counter violence, we are insulated from the immediate reality.

Margaret Simpson does not believe in insulation. In her novel a number of young people, mostly fairly intelligent, attractive young people, plan and execute a kidnapping in England. Their victim is head of the chrome mining company whose massive interests in the mineral wealth of an African country cause the British Government to sustain a corrupt regime there, even by force of arms. He is also a quiet, elderly man suffering from diabetes.

The kidnapping highlights a number of gripping situations: the reluctant involvement of a peace-loving doctor with Left-wing sympathies: the urgency and relative unscrupulousness of police inquiries; the relations within the orginal group, and the very normal context of their lives, like the wholly recognisable school where Fran teaches. It faces the reader with situations not easy to judge, and Margaret Simpson does not do our judging for us: it is a superb thriller, unless you like your thrillers mindless.

The Designated Heir is a very modern love story. Its heroine, Robin, is the heir and support of two old ladies who grew up, and still live, in a Boston matriarchy where personal relationships, especially sexual ones, have been subordinated to power struggles and the like. Her long-widowed and extremely rich grandmother lives an anachronistic life of forms: her Bohemian aunt, long-widowed and very poor, loves all that is foreign and exotic, and is bitterly hurt in consequence. Robin's mother is an alcoholic: and Robin has learned from Women's Lib: small wonder that all this has prepared her to find it difficult to embark on a lasting relationship with a man, even to marry him. Maxine Kumin's account of Robin's inner battles is sensitive and robust.

Gavin Lyall is a master of the adventure-thriller, and *Judas Country* is up to standard. Its ingredients include (of course) charter pilots, foreign parts (especially Cyprus, Beirut and Jerusalem), a Viennese archaeologist who may have found Richard the Lion-Heart's Sunday sword, his daughter and a sexy medievalist from New York. It is fast moving, laconic and classically escapist.

U.K. ECONOMIC INDICATO

		1975			
General	Unit	Apr.	Mar.	Feb.	Apr
Unfilled vac'n's¶	'000s	173.4	178.0	180.6	399.
Unemploymt.§ a	'000s	899.6	768.4	757.1	646.
		Mar.	Feb.	Jan.	Mar
Currency resrvs.	$bn.	7.117	7.064	6.833	6.44
Bank advances b	£bn.	14.877	15.024	15.021	13.91
Manf. prods. d	1970=100	178.2	175.5	172.8	142
Trms of trade e	1970=100	78.4	78.3	77.2	73
Wage-rates	July'72=100	186.8	160.6	158.7	125.
Retail prices	Jan.'74=100	124.3	121.9	119.9	103.
Basic mater'ls d	1970=100	221.8	218.1	221.9	215.
		1975			197
		Feb.	Jan.	Dec.	Fe
HP debt¶ e ...	£bn.	2.284	2.303	2.330	2.3
Retl. sales val.**	1971=100	166.7	165.8	158.8	136.
Indust. output**	1970=100	105.3	105.2	102.8	103.
		1975			
Trade and Industry		Mar.	Feb.	Jan.-Mar.	Mar
Comm. vehicles	'000s	30.2	27.2	28.3	38.
Cars*	'000s	105.0	121.0	119.0	164.
Imports f.o.b.**	£bn.	1.646	1.746	1.743	1.67
Exports f.o.b.**	£bn.	1.540	1.456	1.519	1.20
Visible trade balance	£bn.	−0.106	−0.290	−0.222	−0.467
Steel (weekly average)*	'000 tonnes	494.4	504.7	484.7	419.
Bricks*	millions	381.0	396.0	395.6	508.
Cement (weekly average)*	'000 tonnes	338	312	310	38
		Feb.	Jan.	Jan.-Feb.	Feb.
Houses cmpltd.¶	'000s	22.1	22.2	22.0	20.
Man-made fibres*	m. kgs	2.65	42.14	42.39	54.7
Hosiery*	1970=100	9.9	80.3	85.0	98
TV sets‡‡	'000s	30	254	242	264
Radios, radiograms‡‡∥	'000s	31	402	261	574
		197	1974		
		Jan.	Dec.	Jan.	Jan.-Dec.
Petroleum†	m. tonnes	8.23	8.24	7.61	8.54
Furniture†**	1970=100	159	124	124.6	129
Raw cotton§ (wkly. average)	'000 metric tonnes	1.83	1.89	2.26	1.67
Engin. (orders on hand)** ...	1970=100	128.0	130.0	131.0	125.3
		1974			19
		Dec.	Nov.	Jan.-Dec.	Dec.
Elec. cookers† f	'000s	75.0	71.7	72.0	78.5
Washg. mchns.†	'000s	55.7	45.9	58.9	99.9
Machine tools†	£m.	19.7	26.1	20.5	161.
Raw wool§	m. kilos	7.7	8.4	9.4	8.7
		1975		1974	
		1st qtr.	4th qtr.	1st qtr.	Year
Consumer spending	£bn. 1970 values	9.125	10	8.346	35.60
			74		
		4th qtr.	3rd qtr.	Year	4th qtr.
Motor trade turnover	1967=100	209	5	207	178
Bldg. and civil engineering* ...	£bn.	2.622	2.6	10.220	2.37

* Production. † Deliveries. ‡ Net sales. § Consumption. ¶ Britain, not seasonally adjusted. ** Seasonally adjusted. manufacturing industries. ∥ Excluding car radios. ‡‡ U.K. made and imported sets. a Figures revised November earlier figures adjusted. b Constituent changed January, refer only to U.K. residents' sterling. c Revised May, 1973. e From January, 1974, figures were calculated on 1961 base linked to December, 1973. From October, 1974, onwards figures and 1973 figures back to July have been revised and rebased to continue on a full 1970 base. f Including cookers toasters.

مكتبة الأصل

MONEY MARKET

Free credit supply

Bank of England Minimum Lending Rate 9¾%
(Since April 18, 1975)

Conditions in the London money market reversed themselves sharply yesterday, when money came into free supply, after the recent series of exceptional day-to-day shortages. The authorities did not intervene, and it seemed that banks carried forward a surplus. Banks had carried over a surplus from Tuesday (a day when the authorities made exceptionally large bill purchases), Government disbursements were greater than revenue transfers to the Exchequer, and there was a fall in the note circulation. The market, however, faced a net take-up of Treasury bills, and there were maturing bank and local authority bills in the hands of the Bank of England. In some quarters it was thought that the surplus apparently being carried over the night by the banks would tend to be offset by other factors to-day.

Helped by the free supply of day-to-day money, short-term interest rates in general fell back, with the one-month sterling certificate yield ending at 9⅞-9¹³⁄₁₆ per cent., against Tuesday's 10⅛-9⅞ per cent., the three-month at 9¹³⁄₁₆-9¹¹⁄₁₆ per cent., against 10¼-10⅛ per cent., and the one-year at 11¼-11 per cent., against 11⅜-11¼ per cent.

Discount houses bid 9¼-9½ per cent. commonly for secured call loans in the earlier part, with levels up to 9¾ per cent. being quoted in places, and found late balances at 2-5 per cent. In the inter-bank market, overnight loans opened at levels up to 9¾ per cent., and ended at levels down to 3 per cent.

Rates in the table below are nominal in some cases.

April 30 1975	Sterling Certificates of deposits	Inter-bank	Local Authority deposits*	Local Auth. negotiable bonds	Finance house deposits	Company deposits	Discount market deposits	Treasury bills ●	Bank bills ●	Fine trade bills ◆
Overnight	—	3-9½	8-9¼	—	—	9-10½	7-9¼	—	—	—
2 days notice	—	—	9½-9¾	—	—	—	—	—	—	—
17 days or 7 days notice	—	9⅝-9⅞	9⅞-9⅞	—	10¼-11	—	8¾-9¼	—	—	—
One month	9⅞-9¹³⁄₁₆	9⅝-9⅞	9⅞-10	10¼-9⅞	10½-11	—	8¾-9	9½	10-10½	11-12
Two months	9⅞-9¾	9¾-9⅞	—	10¼-9¾	10½-11	—	9¼-9½	9¼	9¾-10¼	11-12
Three months	9¹³⁄₁₆-9¹¹⁄₁₆	9¾-9⅞	10¼-10¼	10¼-9⅞	10½-11¼	—	8¾-9¼	9¼-9⅜	9⅞-10	11-12
Six months	10⅛-10	10⅛-10¼	10½	10¾-10¼	—	—	—	—	10⅛-10⅜	11-12
Nine months	11⅛-10⅞	10⅞-11⅛	—	11¼-11¼	—	—	—	—	—	—
One year	11¼-11	11⅛-11⅜	12⅛-12¼	11¼-11¼	—	—	—	—	—	—
Two years	12-11¾	11¾-12	12¾-13	12¾-11¾	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 12-12½ per cent.; four years 13 per cent.; five years 13½-14 per cent. ● Bank bill rate in table is buying rate for prime paper. Buying rates for four-month bank bills 10-10⅛ per cent.; and four-month trade bills 11-12 per cent. Approximate selling rate for one-month Treasury bills 8¾-9 per cent.; two month 9¼ per cent.; three months 9¼-9⁵⁄₁₆ per cent. Approximate selling rate for one-month bank bills 9¾-9⅞ per cent.; two-month 9¾-9⅞ per cent.; and three-month 9⅞-9⅞ per cent.; for one-month trade bills 10-10½ per cent.; two-month 10-10½ per cent., and three-month 10-10½ per cent.

Finance House Base Rate (published by the Finance Houses Association): 11¼ per cent. to April 1 (10½ per cent. from May 1). Clearing Bank Deposit Rates for smaller sums at seven days' notice 6 per cent. Clearing Bank Base Rate for lending 9½ per cent. Treasury Bills: Average tender rate of discount 9.2405 per cent.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
GEC	25p	19	113	− 5	131	51
GKN "New"	Nil/pd.	18	51½*	− 6½	68*	45*
Unilever	25p	15	372	− 7	402	170
Comm. Union	25p	14	163	− 9	182	72
BATS	25p	13	294	− 6	337	164
Courtaulds	25p	13	107	− 3	125	33
ICI	£1	13	227	− 2	235	118
Marks & Spencer	25p	12	228	− 6	256	95
Trafalgar House	20p	12	107	− 4	122	23
Boots	25p	11	244	− 4	272	91
Distillers	50p	11	132	− 2	141	65½
Midland Bank	£1	10	260	−10	305	122
Reed Int.	£1	10	263	− 7	286	124
RTZ	25p	10	161	− 4	190	80
Royal Insurance	25p	10	297	−10	314	125

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

REGIONAL MARKETS

BELFAST — IRISH EXCHANGE — NORTHERN EXCHANGE — SCOTTISH EXCHANGE — MIDLANDS & WESTERN

Hull attracting new industry

By Our Hull Correspondent

FIVE NEW industrial developments involving a £2m. investment in buildings alone and creating at least 600 new job opportunities were announced at Hull yesterday.

Four of the developments will cover about 33 acres on Hull Corporation Sutton Fields industrial estate, where 22 industries are already established.

The developments include two caravan manufacturers, a builders merchant group, printing ink manufacturers and a chandlers and freight group. In spite of the economic situation, inquiries are continuing from companies interested in estblishing a base at Hull.

NEW FIRM OF SHIPBROKERS

A new firm of London shipbrokers, Edward Nannini and Co.—headed by Mr. Edward Nannini, previously managing director of Common Brothers (London) and E.C. Wigg—starts operations today.

The firm will operate in the shipbroking, chartering, sale and purchase and tanker sectors. It has an authorised capital of £1m. and an issued and fully paid-up capital of £100,000. Mr. Nannini will retain his seat on the Board of Common Brothers Shipping Services.

BASE LENDING RATES

Bank	Rate
Allied Irish Banks Ltd	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	11 %
Bank of Cyprus	11 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	11 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	* 9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	12 %
Duncan Lawrie	10½%
English Transcont.	11½%
First London Secs.	9½%
First Nat. Secs. Ltd.	11½%
■ Antony Gibbs	10 %
Goode Durrant Trust	11½%
Greyhound Guaranty	9½%
Grindlays Bank	10 %
■ Guinness Mahon	10½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	†10 %
C. Hoare & Co.	†9½%
Julian S. Hodge	10½%
Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
Kinghurst Securities	12 %
Lloyds Bank	9½%
London & European	11½%
London Mercantile	11 %
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
Morris Wigram Ltd.	11 %
National Westminster	9½%
Northern Comm. Trust	11½%
Norwich General Trust	10 %
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Accept'es	9½%
Royal Trust of Canada	10½%
E. S. Schwab	11½%
Security Trust Co. Ltd	11 %
Shenley Trust	11½%
Standard & Chartered	9½%
Sterling Credit	12 %
Stewart Salmon & Co	9½%
Thames Guaranty	12 %
Trade Development Bk.	9½%
Twentieth Century Bk	11½%
United Bank of Kuwait	9½%
Wallace Brothers Bank	11 %
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits 6½%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 6½%, and over £25,000 7½%.
‡ Deposit Base Rate 10½%. Demand Deposit 7½%.

INSURANCE BASE RATES

† Atlantic Assurance 11½%
Cannon Assurance 10½%
† Address shown under Insurance and Property Bond table

CORAL INDEX
Close 325-330

F.T.—ACTUARIES SHARE INDICES

These Indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed. April 30 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (A.C.T. at 35%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Est. P/E Ratio (Nil) (Corp. Tax 52%)	Tues. April 29 Index No.	Monday April 28 Index No.	Friday April 25 Index No.	Thurs. April 24 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (181)	120.02	−2.5	19.74	6.68	7.40	7.39	122.90	119.59	121.38	124.56	109.99	129.01	51.78	206.37	50.71
2 Building Materials (30)	108.49	−2.0	21.49	7.22	7.04	7.04	110.68	108.20	110.59	115.40	111.96	117.40	45.11	233.84	44.27
3 Contracting, Construction (25)	226.60	−2.1	19.15	4.33	8.12	8.10	233.74	227.54	232.95	241.51	188.01	251.61	74.74	389.35	71.48
4 Electricals (16)	209.21	−4.1	17.80	5.56	8.12	8.12	218.24	210.44	213.08	219.04	205.85	229.55	98.49	350.04	84.71
5 Engineering (Heavy) (13)	149.05	−2.9	20.39	7.06	7.10	7.10	153.55	148.85	148.51	152.55	116.54	159.79	64.39	202.57	64.39
6 Engineering (General) (65)	104.59	−1.6	20.71	7.61	6.98	6.98	106.10	103.01	104.47	107.01	88.51	110.07	45.43	168.59	45.45
7 Machine and Other Tools (11)	45.12	−1.7	13.61	10.21	12.96	12.76	45.93	45.38	45.08	45.68	55.82	46.19	20.11	136.70	19.96
8 Miscellaneous (23)	107.53	−1.1	19.42	7.20	7.01	[illegible]	108.78	108.20	109.80	111.12	99.49	114.48	49.65	177.41	49.65
9 CONSUMER GOODS (DURABLE) (59)	85.86	−2.0	21.10	7.19	[illegible]	6.90	87.59	84.59	84.51	87.05	99.55	90.59	38.39	227.78	38.39
10 Electronics, Radio TV etc. (15)	94.11	−2.7	22.53	5.41	6.45	6.45	96.75	95.05	93.29	96.47	120.53	105.62	44.28	257.41	42.85
11 Household Goods (15)	137.80	−0.6	51.50	7.72	4.58	4.58	138.62	136.65	138.88	144.18	148.73	146.90	64.53	263.22	63.92
12 Motors and Distributors (29)	48.99	1.6	14.60	[illegible]	10.26	10.20	49.78	46.50	47.35	48.24	50.01	50.55	19.91	170.59	19.91
13 CONSUMER GOODS (NON-DURABLE) (164)	133.08	−2.9	15.32	6.15	9.21	9.20	137.11	132.40	134.37	136.83	118.78	141.55	61.98	226.08	61.43
14 Breweries (16)	143.56	−2.4	14.56	6.06	10.19	10.19	147.09	143.59	146.49	150.62	141.76	156.35	75.58	261.87	69.47
15 Wines and Spirits (5)	156.00	−1.8	15.81	6.01	10.72	10.72	158.88	156.08	161.14	163.58	163.14	167.59	80.43	257.40	78.88
16 Entertainment, Catering (16)	141.13	−2.0	15.74	7.97	9.15	9.15	144.06	137.52	138.87	142.76	138.95	149.02	55.28	329.99	54.83
17 Food Manufacturing (22)	143.44	−3.5	14.55	5.56	9.43	9.40	148.27	142.08	142.91	145.85	115.92	148.82	62.03	211.65	59.67
18 Food Retailing (16)	135.38	−3.6	11.32	4.36	15.12	15.12	140.40	135.44	137.71	140.27	106.65	145.54	57.15	235.08	54.25
19 Newspapers, Publishing (15)	136.96	−2.2	20.25	7.30	7.40	7.40	139.68	137.41	138.94	140.98	150.67	146.75	55.08	260.29	55.08
20 Packaging and Paper (15)	95.80	−2.5	22.37	6.68	6.34	6.35	98.22	95.70	97.15	99.61	77.39	102.98	43.46	135.69	43.46
21 Stores (30)	124.16	−2.9	11.20	5.15	13.17	13.17	127.88	122.95	124.18	124.66	97.30	129.59	52.65	204.39	52.63
22 Textiles (19)	126.72	−3.5	28.16	7.94	4.15	4.11	131.09	123.52	129.86	136.07	150.60	142.39	62.91	253.72	62.66
23 Tobacco (3)	175.15	−3.7	20.14	7.70	7.29	7.29	179.71	176.29	178.55	185.64	184.50	199.16	109.92	339.16	94.34
24 Toys and Games (6)	41.35	−0.2	25.66	7.15	5.24	5.24	41.41	41.50	41.84	42.71	44.41	45.61	20.92	135.72	20.92
OTHER GROUPS (92)															
25 Chemicals (25)	155.67	−2.4	21.88	[illegible]	6.45	[illegible]	159.74	154.67	157.16	159.94	140.52	164.47	73.14	201.92	71.30
26 Office Equipment (10)	95.15	−1.4	16.32	5.41	[illegible]	[illegible]	96.49	94.28	96.55	97.76	119.38	104.78	45.34	246.06	45.34
27 Shipping (11)	356.07	−2.1	25.01	[illegible]	4.77	4.65	363.75	356.04	363.30	371.78	377.14	401.84	194.38	517.00	90.80
28 Miscellaneous (46)	138.67	−3.0	18.09	[illegible]	7.66	7.66	142.94	137.90	138.78	142.49	142.01	148.14	60.39	256.83	60.39
29 INDUSTRIAL GROUP (496)	129.22	−2.6	17.90	6.31	7.90	7.88	132.73	128.50	130.28	133.05	120.48	137.57	59.19	220.17	59.01
30 OILS (4)	243.33	−2.4	30.25	6.34	3.55	3.51	249.25	247.52	248.58	246.53	254.48	251.18	105.83	431.66	87.23
31 500 SHARE INDEX	138.95	−2.6	19.58	6.31	6.76	6.62	142.67	138.60	140.32	142.75	131.83	146.95	63.49	227.95	63.49
32 FINANCIAL GROUP (100)	139.77	−3.7		5.11		—	145.13	138.43	138.60	141.19	124.16	147.98	56.50	241.41	55.88
33 Banks (6)	151.22	−3.4	24.74	5.20	6.02	6.02	156.59	150.92	153.52	153.10	146.76	163.68	62.56	288.32	62.44
34 Discount Houses (9)	143.01	−5.6		7.90			151.50	164.60	163.97	161.40	141.86	169.27	84.13	293.13	81.40
35 Hire Purchase (5)	119.58	−4.3	20.83	7.51	[illegible]	5.85	124.93	119.17	124.26	128.41	204.75	134.59	42.81	433.72	38.83
36 Insurance (Life) (9)	116.40	−3.1	—	3.76	—	—	120.18	116.81	116.49	119.43	99.46	127.97	44.88	194.46	44.88
37 Insurance (Composite) (5)	108.70	−5.0	—	6.00	—	—	114.39	107.19	106.86	107.59	82.59	114.39	44.47	155.76	43.96
38 Insurance (Brokers) (8)	184.49	−2.0	10.58	4.54	13.85	[illegible]	188.33	183.32	181.79	185.75	168.37	191.72	68.96	262.67	65.86
39 Merchant Banks (19)	89.49	−1.6	—	6.97	—	—	90.93	87.67	87.81	91.16	112.42	94.97	31.21	278.57	31.21
40 Property (31)	228.29	−3.7	4.18	2.60	33.39	32.98	237.13	223.06	224.47	230.93	189.58	241.32	68.19	357.40	56.01
41 Miscellaneous (5)	71.97	−0.2	15.77	9.02	8.90	8.79	72.13	71.46	71.58	74.49	102.81	76.78	34.78	303.15	33.29
42 Investment Trusts (50)	164.50	−1.2	3.06	4.10	32.72	32.72	166.54	163.71	166.71	168.57	151.01	170.07	73.43	243.79	71.63
43 ALL-SHARE INDEX (650)	139.59	−2.7		5.93		—	143.54	139.13	140.47	[illegible]	129.27	147.45	62.16	228.18	61.92
COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44 Rubbers (10)	490.30	−1.1	10.45	5.58	11.27	10.84	484.92	480.72	480.94	476.01	374.43	490.30	281.66	565.37	84.68
45 Teas (10)	88.19	−0.1	21.91	9.07	5.75	5.36	88.28	88.63	88.65	87.56	102.18	88.65	76.76	121.47	59.72
46 Coppers (3)	449.20	−1.3	43.72	16.81	2.29	2.29	443.25	452.31	450.23	456.93	431.19	450.26	374.38	567.78	94.08
47 Mining Finance (11)	123.65	−0.7	[illegible]	4.26	11.19	11.19	122.85	121.75	121.88	124.80	119.81	128.17	80.58	176.90	66.31
48 Tins (8)	101.75	−1.9	10.02	8.15	12.85	11.04	99.87	98.21	97.16	94.93	96.31	101.75	58.91	125.45	54.83
49 Overseas Traders (13)	221.71	−2.4	15.01	[illegible]	[illegible]	[illegible]	227.11	222.15	221.75	221.86	—	229.40	97.57	229.40	97.57

FIXED INTEREST	Wed. April 30 Index No.	Wed. April 30 Yield %	Tuesday April 29	Monday April 28	Friday April 25	Thurs. April 24	Wed. April 23	Tuesday April 22	Monday April 21	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1 Consols 2½% yield	—	15.55	15.42	15.42	15.16	15.04	15.04	14.81	14.69	14.54	—	—	—	—
2 20-yr. Govt. Stocks (6)	45.58	‡14.15	46.01	46.03	46.79	47.35	47.35	48.08	48.44	49.57	53.09	38.27	116.42	38.27
3 20-yr. Red. Deb. & Loans (15)	46.52	‡15.82	46.59	47.02	47.19	47.74	47.75	48.01	48.01	46.68	50.68	37.01	113.45	37.01
4 Investment Trusts Prefs. (15)	42.99	16.10	43.26	43.40	43.68	44.00	44.83	44.83	44.74	42.64	46.57	35.38	114.41	34.45
5 Coml. and Indl. Prefs (20)	58.65	16.04	59.52	60.51	61.07	61.80	62.10	61.94	61.69	54.45	66.98	48.36	114.96	47.67

Section or Group	Base Dates	Base Value
Overseas Traders	31/12/74	100.00
Engineering (Heavy)	31/12/71	153.84
Engineering (General)	31/12/71	153.84
Wines and Spirits	16/1/70	144.76
Toys and Games	16/1/70	136.22
Office Equipment	16/1/70	162.34
Industrial Group	31/12/70	128.20
Miscellaneous Financial	31/12/70	120.06
Food Manufacturing	29/12/67	114.13
Food Retailing	29/12/67	[illegible]
Insurance Brokers	29/12/67	96.67
Mining Finance	29/12/67	100.00
All Other	10/4/62	100.00

‡ Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A new list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By inland post 16p, Commonwealth 18p, Foreign 22p.

NEW "HIGHS" AND "LOWS" FOR 1975

RISES AND FALLS YESTERDAY

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 15	Apr. 28	July 10	July 22
Apr. 29	May 12	July 24	Aug. 2
May 13	May 27	Aug. 7	Aug. 19

It was a quiet day in the Option market. The few stocks to attract money for the "call" included British Land, Town and City, Shell Transport, ICI, Tesco and Pork Farms. No "puts" were reported but a double option was arranged in Stylo Shoes.

CLUBS

LEADERS AND LAGGARDS

INSURANCE, PROPERTY, BONDS

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Dow index leaps 18 to new 1975 peak

BY OUR WALL STREET CORRESPONDENT

NEW YORK, April 30.

AFTER OPENING lower, Wall Street turned higher around mid-day and climbed sharply to close on a very strong note.

The Dow Jones Industrial Average finished 18.30 higher at a new 1975 peak of 821.84 and the NYSE All Common Index rose 78 cents to $46.19, while gains led losses by 818-to-545. Trading volume expanded 320,000 shares to 18.06m.

Some analysts said increased demand for stocks in the last hour of trading coincided with hints from Republican leaders that President Ford will delay imposing Oil Imports Tariffs for another three weeks.

The move is viewed as an effort to provide Congress a final opportunity to negotiate an Energy-Savings Programme.

Sentiment also appeared to have been aided by a report from Caracas that Venezuela is considering a reduction in prices of low-sulphur fuel oil to boost sales on world markets.

Other analysts attributed the surge in the Industrial Average to a decline in short-term money market average regarding the prospect of huge U.S. Treasury financing needs. Details of plans to raise the funds will be announced to-day.

The Stock Market had recently been wary of Treasury needs However, brokers said some resistance in short-term money rates helped investors speculate that the Treasury funding might not drive up interest rates severely nor constrict funds for business expansion.

Moore McCormack Resources spurted ahead $7 to $70¼—it planned about $125m. in long-term financing for several previously ordered vessels. It also reaffirmed an earlier forecast that second quarter earnings would be "up substantially" from the year ago period.

Magnavox gained $2⅞ to $8⅝. North American Philips, up $⅞ to $17⅞, will recommend the acquisition of the remaining outstanding shares of its 84 per cent. owned Magnavox subsidiary at $9 each.

Ford Motor edged up $⅛ to $36, despite a loss for the first quarter compared with a profit a year ago.

General Motors, which yesterday reported lower quarterly profits, held unchanged at $43. Chrysler added $⅛ at $10⅛—it was expected to report quarterly results to-morrow.

The American SE Market Value Index moved up 0.58 to 84.24, with advances outpacing declines by 321 to 294.

Syntex, the most active issue, firmed $⅜ to $41⅞ on 150,700 shares.

Canada lower again

With the exception of Western Oils, which rose 1.87 to 170.54 on index, Canadian Stock Markets were again lower yesterday.

The Industrial Share Index lost 0.48 to 182.91. Golds 1.09 to 380.93. Base Metals 0.49 to 70.46. Utilities 0.64 to 132.10. Banks 0.71 to 246.14 and Papers 1.07 to 106.18.

Gulf Oil Canada gained $1 to $31 after an Alberta ruling gave it higher field gas prices, Imperial Oil 'A' rose $⅜ to $27⅞.

OTHER MARKETS

PARIS—French shares generally lower in quiet trading, reflecting fears of new Capital Gains Tax measures.

Motors were firm, however, while Electrical and Chemicals were mixed.

Foreign stocks also finished mostly lower, although Germans performed well, notably Bayer, Hoechst, and Siemens. In International Oils, Petrofina, Royal Dutch and Exxon declined. Gold Mines eased, with the exception of Western Holdings and Western Deep. Coppers were also down.

BRUSSELS—Mixed to higher in slow trading. The Bourse will be closed on Thursday and Friday.

Steels tended lower. Cockerill were off Frs.10 to 1,834. UCB dropped Frs.50 to 3,210 in weak Chemicals. Sofina slipped Frs.150 to 3,400.

Oils were mixed. Petrofina moved up Frs.30 to 5,240. In continued firm Metals, Vieille Montagne rose Frs.75 to 4,875. Holdings were mixed.

Among generally irregular Internationals, U.S. shares finished mixed. Vaal Reefs gained Frs.42 to 1,440 in firm South African Minings. Zaireans and Dutch shares tended lower, French issues were steady. In modestly higher Germans, Siemens put on Frs.85 to 4,110.

AMSTERDAM—Closed yesterday for the Queen's birthday.

COPENHAGEN — Generally lower in moderate dealings, except for Banks which were steady.

TOKYO — Market continued to advance in active trading, supported by increasing foreign investment demand and local Mutual Fund buying. Volume 220m. shares.

Blue Chips generally moved up but Sony and Matsushita Electric each eased. Foreign demand was noted for Mitsui Toatsu, which plans to issue American Depositary Receipts, Toyota and selected Construction issues.

Komatsu, which announced a $50m. Bond issue in the U.S., also gained ground. Some Speculative stocks also moved higher, while Paper-Pulps, Housings and some Building shares lost ground on profit-taking.

GERMANY — Further small recovery.

In Motors, VW lost DM1 to 112.20, while Daimler gained DM1 to 307 and BMW were up DM3.50 to 238.50.

Among Electricals, Siemens put on DM4.80 to 269.30xr and AEG firmed DM0.8 to 84. Dresdner Bank lost DM0.70 to 244.

In Chemicals, Schering rose DM4 to 414, but BASF lost DM1.30 to 148.20.

SWITZERLAND—Swiss stocks lower in active trading.

Banks, Insurances, Industrials and Chemicals all declined. Financials were mixed. Swiss Credit Bank fell Frs.40 to 2,765, Brown Boveri dropped Frs.45 to 1,225 and Alusuisse bearer Frs.50 to 1,260.

Nestle bearer fell Frs.105 to 3,240 on a disappointing annual report.

State Bonds were mixed to firmer.

Among Foreign issues, Dollar stocks eased over a broad front. Dutch Internationals fluctuated narrowly, while Germans were mixed with a resistant undertone.

OSLO—Banks and Shippings were easier, Industrials narrowly mixed, while Insurances were quiet.

VIENNA — Stocks firmed slightly, led by Breweries. Banks were little changed while leading Industrials were narrowly mixed.

MILAN—Easier, despite a mild initial rally, with trading otherwise slack ahead of to-day's holiday closure.

Pirelli Spa gave way Lire 8 to 852 after its industrial unit announced a capital write-down. Lanerossi firmed against the general trend, despite reporting losses.

JOHANNESBURG—Gold shares were steady in a small turnover.

Deelkraal (nil paid letters) were active and traded some 30 cents higher at 82 late in the session after 85 earlier.

Marginal and Speculative shares gained between 3 and 25 cents. Financial Minings were very quiet and little changed.

HONG KONG—Slightly easier as profit taking continued, and with developments in South Vietnam an added depressant.

Gammon rose to $HK18.50 on a possible bid from Jardine Matheson.

AUSTRALIA—Slightly higher on late selective buying, but the undertone was still weak in major market sectors.

Golds and Minings were generally up.

BHP advanced 6 cents to $A6.14. CSR put on 10 cents to $A4.30, but other sugars lost ground.

Amatil gained 3 cents to $A1.45 following optimistic comment by its chairman.

Among Banks ANZ Bank put on 14 cents to $A6.44 and CBA firmed 1 cent to $A2.56.

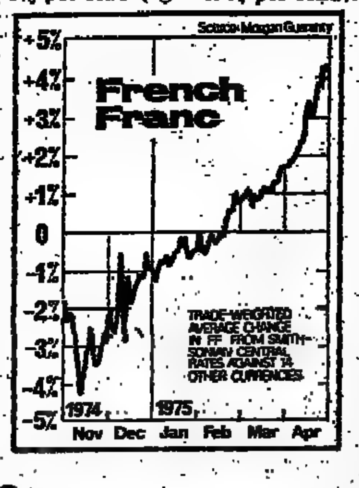
£'s record low

Sterling reached its lowest levels ever against currencies in general in the foreign exchange market yesterday, with its trade-weighted average depreciation in terms of 10 leading units since the Washington Currency Agreement of December, 1971 (as calculated by the Bank of England) widening on balance to 22.7 per cent., and also standing at 22.7 per cent. in early dealings and at noon. Conditions were fairly quiet, with the U.S. tending to fall in the earlier part and to rise in the later. To-day's holiday in many Continental centres cast a shadow over yesterday's activity, tending to restrict dealings. It seemed possible that the Bank of England gave some assistance to the pound. Sterling opened in terms of the dollar at $2.3515-2.3525, and rose to $2.3555-2.3565 in the morning, but fell back, to reach a level as low as $2.3500-2.3510 in the afternoon, at one point, before ending at $2.3515-2.3525, down a net 45 points. The discount on sterling, against the dollar, for delivery in three months widened 0.20c.

The continued strength of the French franc was a feature of the market, with the French unit's appreciation since the Washington Agreement on the Morgan Guaranty basis widening to 4.29 per cent., from 4.22 per cent.

Gold fell $¾ an ounce in London to $166¾-167¼, in modest activity—opening at $167-168; its best of the day, and closing at its lowest.

The Krugerrand's premium over its gold content, on the dealer's selling side, narrowed to about 21⅝ per cent., from 22⅜ per cent., while in international it was some 3⁵⁄₈ per cent. (against 3¾ per cent.).



Indices

NEW YORK

DOW JONES AVERAGES

	Home Bonds	Transport	Indus.	Util.	Trading volume† 000's
Apr. 30	67.24	171.38	821.84	74.04	18,060
29	67.37	168.02	803.04	74.16	17,740
28	67.35	169.66	810.00	74.77	17,850
25	67.47	169.45	811.50	75.05	20,260
24	67.63	167.57	805.66	75.19	19,050
23	67.71	166.95	802.49	75.50	20,040
22	67.74	169.86	814.14	75.83	26,120
21	67.68	171.15	815.88	76.50	23,360
18	67.66	169.37	808.43	76.56	22,610
17	67.86	170.60	819.46	76.72	32,650
16	67.93	168.43	815.71	76.72	22,970
15	67.58	166.71	815.08	76.34	29,620
14	67.95	165.48	806.95	76.37	36,800
11	67.98	164.50	789.50	75.92	20,160
10	68.04	165.48	781.29	75.64	24,990
9	67.90	165.10	767.99	75.80	18,120
1975 High	68.82 (4/4)	171.86 (30/4)	821.84 (30/4)	81.86 (21/1)	—
Low	66.16 (3/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	163.32 (20/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

Apr. 25	Apr. 18	Apr. 26, 1974
4.80	4.77	4.55

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	Apr 30	Apr 29	Apr 28	Apr 25	Apr 24
46.24 (21/4)	37.06 (2/1)	46.19	45.41	45.77	45.85	46.05

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,799	818	545	436

	Apr 30	Apr 29	Apr 28	Apr 25	Apr 24
New Highs	84	66	128	136	67
„ Lows	21	20	14	14	21

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975 High	1975 Low	Apr 30	Apr 29	Apr 28	Apr 25	Apr 24
84.56 (21/4)	62.20 (2/1)	84.24	83.66	84.16	84.16	83.84
Volume 000's		3,102	2,000	2,187	2,490	2,260

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
April 30	98.42	87.30
„ 29	96.41	85.64
„ 28	97.10	86.23
„ 25	97.57	86.62
„ 24	96.88	86.04
„ 23	96.98	86.12
„ 22	98.10	87.09
„ 21	98.21	87.23
„ 18	97.18	86.30
1975 High	98.42 (30/4)	87.30 (30/4)
1975 Low	77.71 (8/1)	70.74 (8/1)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Apr. 23 1975	Apr. 16 1975	Apr. 24 1974
Ind. Ord. yield pc	3.91	3.89	3.65
Ind. Ord. p/e ratio	9.74	9.80	11.45
Long-term Govt. Bds. per cent.	8.22	8.19	8.78

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Am. T. & T. Wts.	371,400	¼	−7-64
Commonwealth Oil	213,900	11⅛	—
Marathon Oil	207,200	38⅞	+3⅞
Polaroid	195,100	30⅞	+2⅞
Teledyne	175,300	15⅜	+3⅛
Avco	165,700	5	+⅛
Texaco	141,300	24	+⅛
Int. Min. & Chem.	137,500	44⅛	+2
McLouth Steel	136,400	16⅛	−⅛
Brunswick	129,600	14	+⅛

TORONTO

INDUSTRIAL INDEX

Apr. 30	Apr. 29	1975 High	1975 Low
182.91	183.39	188.69 (17/4)	159.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

Apr. 30	Apr. 29	1975 High	1975 Low
191.17	191.28	194.22 (17/4)	158.95 (2/1)

COMBINED INDEX

Apr. 30	Apr. 29	1975 High	1975 Low
185.25	185.51	189.97 (17/4)	158.02 (2/1)

JOHANNESBURG

	Apr. 30	Apr. 29	1974-75 High	1974-75 Low
Industrials	197.4	195.9	210.3 (17/2)	183.0 (23/1)
Golds	303.0	300.5	379.1 (2/1)	285.2 (13/4)

(1958=100.) Source: Rand Daily Mail. * 1974.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	April 24	April 17	April 10
On Dividends	7.29	7.48	7.49
On Earnings	13.81	14.10	14.53

SYDNEY ALL ORD. INDEX

April 30	Apr. 29	High 1975	Low 1975
353.23	352.76	388.48 (14/1)	289.88 (9/1)

HONG KONG INDEX

April 30	Apr. 29	High 1975	Low 1975
322.61	326.85	333.64 (28/4)	160.42 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Apr 30	Apr. 28	High 1975	Low 1975
325.37	325.37	325.37 30/4	266.24 (10/1)

SINGAPORE INDEX §

Apr. 30	April 29	High 1975	Low 1975
258.34	256.31	268.69 (11/5)	153.26 (8/1)

EUROPE

	Apr 30	Previous	1975 High	1975 Low
Belg'm (a)	110.58	110.64	110.62 (28/4)	89.07 (2/1)
Denm'k (b)	86.68	86.00	88.32 (18/4)	75.06 (15/1)
France (d)	69.4	69.3	72.6	51.70 (2/1)
Germ'y (e)	[illegible]	[illegible]	[illegible]	[illegible]
Holland (f)	[illegible]	[illegible]	[illegible]	[illegible]
Italy (g)	[illegible]	[illegible]	[illegible]	[illegible]
Spain (h)	[illegible]	[illegible]	[illegible]	[illegible]
Sweden (i)	[illegible]	[illegible]	[illegible]	[illegible]
Switz'ld (k)	[illegible]	[illegible]	[illegible]	[illegible]

Indices and base dates (all base values 100):—(a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (f) Amsterdam Industrial 1970. (h) Madrid S.E. 30/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (u) Unavailable. § Straits Times 1966. (c) Closed. ‡ Adjusted.

EXCHANGE CROSS-RATES

Apr. 30	Frankfurt	New York	Paris	Brussels	London	Am'sterdam	Zurich
Frankf't	—	2.376-377	57.51-57.57	6.51-62	[illegible]	[illegible]	[illegible]
N. York	42.05-06	—	24.17-22	2.8425-75	[illegible]	[illegible]	[illegible]
Paris	173.875-075	4.1320-1417	—	11.770-795	[illegible]	[illegible]	[illegible]
Brussels	14.775-810	35.11-18	8.47-52	—	[illegible]	[illegible]	[illegible]
London	5.58½-59½	2.3515-25	9.71¼-72¼	82.45-65	—	[illegible]	[illegible]
Am'erdam	101.905-.955	2.4892-4317	58.575-625	6.896-.901	[illegible]	—	[illegible]
Zurich	107.48-69	2.5650-75	61.82-93	7.2635-275	[illegible]	[illegible]	—

EURO-CURRENCY INTEREST RATES*

Apr. 30 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch guilder	W. German mark	Swiss franc
†Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	13-13⅛	7⅞-8⅛	8¼-8⅞	6¼-6⅞	[illegible]	5⅝-5¾
One Year	15⅜-15⅝	8¼-8⅞	[illegible]	7⅛-7⅝	[illegible]	6⅛-6⅝

Euro-French deposit rates: two days notice 8¾-8⅞ per cent.; seven days' notice 8¾-9⅛ per cent.; one month 8⅞-9¼ per cent.; three months 9½-10 per cent.; six months 10-10½ per cent.; one year 10⅝-11⅛ per cent.

Longer-term Eurodollars deposits: two years 8⅝-9 per cent.; three years 9-9⅜ per cent.; four years 9¼-9⅝ per cent.; five years 9½-9⅞ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5¹³⁄₁₆-5⅞ per cent.; three months 6⅝-6¾ per cent.; six months 7¹⁵⁄₁₆-7⁷⁄₁₆ per cent.; one year 8⁷⁄₁₆-5 per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two days' notice for guilders and Swiss francs.

GOLD MARKET

	April 30	April 29
Gold bullion (a fine ounce) Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
Morning fixing	[illegible]	[illegible]
Afternoon fixing	[illegible]	[illegible]
Gold coins (domestically) Krugerrand	[illegible]	[illegible]
New sov'r'gns	[illegible]	[illegible]
Old sov'r'gns	[illegible]	[illegible]
Gold coins (internationally) Krugerrand	[illegible]	[illegible]
New sov'r'gns	[illegible]	[illegible]
Old sov'r'gns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

FOREIGN EXCHANGES

FORWARD RATES

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—101% (99¼%)

NEW YORK

Stock	Apr. 30	Apr. 29
Addressograph	7⅝	7¼
Aetna Life & Cas.	20¾	20¾
Air Products	72¼	70⅛
Corning Glass	47	47¼
CPC Int'nation'l.	41⅛	42
Crane	47⅛	46⅝
Creole Petrol'm.	8	8⅛
Crocker Nat. C.P.	23¾	24⅛
Johns Manville	22⅛	21⅝
Johnson Johnson	90⅛	89¾
Johnson Control.	11⅝	11⅝
Joy Manufactur'g	66	64⅛
Kaiser Alumin'm	32⅛	32⅛
Rapid American	6⅛	6
Raytheon	42⅝	45⅝
RCA	16¼	16
Reading	2⅞	3¼
Republic Steel	33¼	32⅛

CANADA

GERMANY ♦

Apr. 30	Price Dm.	+ or —	Div. %	Yld. %
A.E.G.	84	+0.8	—	—
Allianz Versich.	486	+5	17	1.6
B.M.W.	238.5	+3.5	18	—
BASF	148.2	−1.3	17	5.6
Bayer	122.5	+0.2	17	7.0

PARIS

MILAN

AMSTERDAM

Apr 30	Price Fls.	+ or —	Div. %	Yld. %
Ahold (Fl.20)	97.2		[illegible]	3.7
Akzo (Fl.20)	42.9		10	9.2
Alg.Bk.Ned.(Fl.100)	355 xd		[illegible]	6.1
AMAS NY (Fl.10)	17.8		10	[illegible]
AMEV (Fl.20)	68.9		37½	6.5
Amro Bank (Fl.20)	85.9 xd		[illegible]	4.8
Van Berkels (Fl.50)	129		[illegible]	9.0

TOKYO ¶

Source Nikko Securities, Tokyo.

BRUSSELS

STOCKHOLM

SWITZERLAND ●

OSLO ♦

COPENHAGEN

AUSTRALIA

Apr. 30	Aust. $	+ or —
Acrow Australia	†0.78	
Adelaide Brig'ton Cem't 50c	†0.77	−0.01
Allied Mang. Trdg. Inds. $1	†1.45	+0.05
Ampol Exploration	†0.65	
Ampol Petroleum	†0.41	[illegible]
Assoc. Minerals	†2.75	+0.05
Assoc. Pulp Paper $1	†0.82	+0.02

VIENNA

JOHANNESBURG

SPAIN ▼

STOCK EXCHANGE REPORT

Markets again unsettled by interest rate fears

Share index down 6.7 at 327.2—Gilt-edged give ground

Account Dealing Dates

*First Declara-	Last	Account
Dealings	tions	Dealings	Day
Apr. 21	May 1	May 2	May 12
May 5	May 15	May 16	May 28
May 19	May 29	May 30	June 10

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Weighed down by growing fears of an upturn in interest rates and by the possibility of renewed industrial unrest following the power workers' decision to recommend a strike ballot, stock markets suffered a fairly substantial setback yesterday. British Funds led the way; selling here was only of modest proportions, the reaction mainly reflecting the continuing lack of support, particularly at the long end of the market. Closing quotations were a *shade above the worst, but falls* still ranged to ½ and the Government Securities index fell 0.41 more to 56.69 which is 8½ per cent. off its 1975 "high" recorded last month.

It was a similar story in leading equities where earlier losses were reduced by 2 or so. This was mirrored by the FT 30-share index which touched its lowest of the day at 2 p.m. with a fall of 8.4 and closed a net 6.7 off at 327.2. Gestetner's *near £11m. "rights,"* which brings the total of such fund raising over the last couple of months to £350m., made little impact, but by no means helped underlying sentiment. The day's fall took place against a continuing low level of business, official markings of 7,659 comparing with 7,818 on Tuesday and 11,917 a week ago.

The overall reaction was reflected in a 3-1 majority of falls over rises in FT-quoted Industrials, while the FT-Actuaries three main indices recorded losses of around 2.7 per cent.

The prospect of a U.K. Ministerial visit to Rhodesia encouraged occasional support for Southern Rhodesians bonds and the 4½ per cent. 1967/92 stock rose 4 to £31.

Still highly sensitive to a relatively modest trade, the investment currency premium was quoted on wider dealing spreads and moved within a range of 95¾ and 105 per cent, before closing a net 2½ points higher at 101¼ per cent. Yesterday's SE conversion factor was 0.5492 (0.5575).

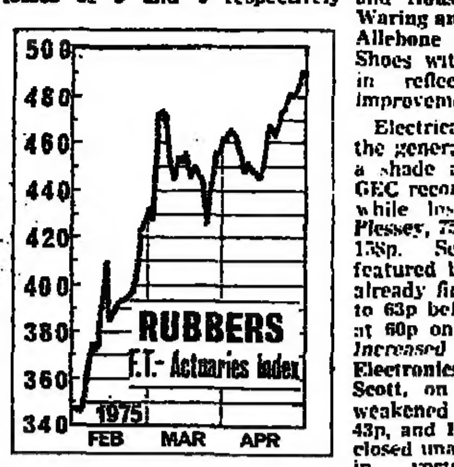
Discounts sold

Dearer money fears brought selling pressure to bear on Discounts which finished with double-figure falls in places, Allen Harvey and Ross weakened 25 to 255p, *while Alexanders,* 185p, Cater Ryder, 220p, and Union, 285p, all fell 15. A lethargic day in the big four Banks brought fresh falls to 10 as in Lloyds, 220p, Midland, 260p, and National Westminster, 230p. Barclays closed 8 off at 280p. Ahead of to-day's interim figures, National and Commercial gave up 3 to 61p.

Insurances ran back sharply on lack *of* fresh support. "Royals" lost 10 to 297p, while Matthews Wrightson lost a similar amount to 155p *following the results.*

Little interest was shown in Breweries and kindred trades which closed easier for choice. Allied shaded 1 to 84p, while Bass Charrington cheapened 2 to 90p as did Scottish and Newcastle, 53p. News that the company intends to increase its price of whisky by £1-10p a case from Monday had no apparent impact on Long John International, 1 off at 102p.

Buildings lacked support and closed easier throughout. AP Cement at 150p, lost 3 of the previous day's gain of 8 and London Brick shaded 1½ to 51p. The passing of the dividend and trading loss left British Dredging 2½ lower at 26½p, after 25p, while losses of 5 and 6 respectively were recorded in Marchwiel, 80p, and Tarmac, 167p.



After moving between extremes of 241p and 234p, ICI came to rest 3 lower on balance at 237p in irregular Chemicals. News of the planned *DM293m. "rights" issue* left Hoechst 15 down at 445p. The up-graded profits forecast which provides the company's major defence against the bid from Croda International, 1 easier at 59½p, helped Midland Yorkshire edge forward 1 to 40½p.

Burton Group rise

Burton Group benefited from the better-than-expected half-year *results, the "A" rising 8 to 68p* during a good business with the Ordinary putting on 4 to 70p. Store leaders otherwise suffered a reaction in thin trading to close virtually at the day's worst. "Gussies" "A" ended 9 down at 193p and Marks and Spencer 6 cheaper at 228p, while British Home Stores came back 5 to 342p and House of Fraser 4 to 89p. Waring and Gillow put on 3 to 66p. Allebone provided a firm spot in Shoes with a gain of 2 at 15½p in reflection of the profits improvement.

Electricals drifted down with the general trend before finishing a shade above the day's lowest. GEC recorded a fall of 6 at 113p, while losses of 4 occurred in *Plessey, 75p, and Thorn Electrical,* 178p. Secondary issues were featured by Brocks Group which, already *firmer* at 30p, shot ahead to 63p before ending a net 16 up at 60p on news of the bid talks. *Increased profits lifted* Farnell Electronics 2 to 68p, but Laurence Scott, on the slump in profits, weakened 4 to 36p. Cohen Bros., 43p, and Henry Wigfall, 96p, both closed unaltered: the prices shown in yesterday's issue were incorrect.

Awaiting details to-day of the Government Bill to nationalise the aerospace and shipbuilding industries, Hawker Siddeley were uncertain and finally 10 lower at *290p, but the shipbuilding candidates met with contrasting fates.* Swan Hunter slipped 3½ to 82p, but last-minute speculative demand took Hawthorn Leslie up 5 to 50p and Robb Caledon a similar *amount to an identical* price.

Engineerings had patches of easiness in Metal Box, 8 down at 256p, Tom Martin, which were 6 cheaper at 54p despite news that current trading year had started *well, and Babcock and Wilcox,* 5 lower at 98p, after 96p. The declining order book took a toll on APV, which fell 12 to 213p, while Clarke Chapman lost 5 to 75p because the increased profits failed to match the more optimistic hopes. Thomas C. Keay (soon to be known as TCK Group) rose 8 to 80p following the updated higher net asset value figure and Motor Rail improved to 3p: the latter's results will be announced in June.

Foods often moved away from the day's lowest levels, Tate and Lyle ending only 3 down at 260p, after 256p, and Spillers virtually unchanged at 44p, after 43p. Cavenham, however, still lost 5 to 111p and Associated Dairies 6 to 182p, while Sainsbury shed 4 to 175p. J. B. Eastwood became reactionary at 31p, down 4.

Hotels were generally only marginally easier, apart from J. Lyons "A" which fell 8 to 130p. Palace (Torquay) were initially lowered to 9p in an effort to find a trading level and subsequently rallied to end a net 2 off at 14p.

Gestetner "A" fall

Miscellaneous Industrial leaders closed a little above the day's worst with net reactions extending to 7 after a light business. Unilever ended that amount off at *372p, after 369p, awaiting first-quarter figures due to-morrow* week. Reed International were similarly easier at 265p and Bowater 6 off at 142p, after 140p. Beecham, 256p, and Boots, 244p, both closed 4 cheaper. Elsewhere, the forecast lower half-year profits with news of an £11m. "rights" offer of Convertible Loan stock depressed Gestetner "A," which fell 11 to 155p. Thomson T-Line Caravans weakened late by 10 to 23p on the slump in profits and final dividend omission, while increased profits failed to stave off a reaction of 7 to 141p in Foseco Minsep. G. R. (Holdings) shed 5 to 190p ahead of to-day's interim announcement. Scotia Investments ended 3 off at 15p, after 16p. On the other hand, Martin-Black ended 3 firmer at 95p, after 97p, for a two-day rise of 12 on the good results and dividend forecast announced with the proposed "rights" offer.

Interest in Motor Components waned yesterday. Dunlop receded 3 to 51p while Flight Refuelling gave up 1 to 22p, the latter in front of to-day's preliminary results. In irregular Garages, Western Motor shed 5 to 35p as did the "A" N/V to 25p. T. C. Harrison, however, rose 3 to 40p following the record profits.

Newspapers joined in the general downturn and Thomson shed 5 to 178p, while Associated gave up 4 to 106p and Daily Mail "A" 7 to 188p. Similar easiness in Paper/Printings left Culter Guard Bridge 3 lower at 24p among numerous other small losses. Against the trend, Tridant were *raised 3 to 61p.*

Trafalgar Hse. react

With no confirmation yet forthcoming regarding the rumoured £100m. Iranian contract, Trafalgar House, after Tuesday's net advance of 8, reacted to 102p before picking up to close 4 down on the day at 107p after a large two-way trade. *Property* leaders generally retreated in rather quiet *trading*, but a *firm* exception was provided by English Property, up 2 at 79p in response to the chairman's encouraging statement with the full report. Closing just a shade above the day's worst with respective losses *of 7 and 10 were Land Securities,* 225p, and MEPC, 189p, while Amalgamated Investment were finally 3 off at 65p, after 63p. Secondary issues also gave ground with Bernard Sunley slipping 10 to 165p, Great Portland Estates 8 to 258p, and Law Land 6 to 102p. However, Lane Fox contrasted with an improvement of 4 at 34p, while the South African Suree added 6 at 93p.

Wall Street influences coupled with the *effects* of the *surrounding* easiness in equities sufficed to lower Oils. The close was near the day's lowest, British Petroleum showing a loss of 10 at 420p and Shell a fall of 7 at 282p. Burmah were only a shade cheaper at 33p, but Ultramar gave up 5 to 160p, after 158p, while Tricentrol, 78p, and British-Borneo, 134p, lost 4 apiece. In the overseas section, Woodside-Burmah regained 4 to 67p and *Sunningdale 10 to 405p.*

Trusts were highlighted by Direct Spanish Telegraph which rose 5 to a 1975 "high" of 58p on further consideration of the results. Inchcape hardened 6 to 375p in *Financials* where S. Pearson shaded 4 to 112p ahead of to-day's results. Down 4 on Tuesday on the trading loss and the passing of the dividend, Estates and General receded 1 more to 17p.

Dull Textiles had Courtaulds 3 easier at 107p, after 106p. S. Lyles *receded 3 more to 34p, making a* three-day drop of 17 since Monday's poor half-year figures.

Domestic advices helped South African issues. Further consideration of the sharply higher sales and profit figures, also aided OK Bazaars "A" which rose 30 to 670p, while Anglo American Investments put on 20 to 700p and Huletts 15 to 285p. Abercom Investments hardened 7 to 265p.

In irregular Rubbers, Guthrie ended 2 off at 265p, after 262p, in sympathy with the trend in Industrial markets. Highlands and Lowlands, 50p, and London Asiatic, 54p, however, both hardened 1½ on Singapore advices. Teas were idle and featureless.

Golds higher

The dollar premium *once* again played a major role in influencing the movement of Mining issues. *Gold shares ended the day showing* widespread small gains on balance in line with the rally in the premium. However, prices were a little below the best following the 50 cent fall in the bullion price to $167 per ounce. The index rose 3.9 to 375.3.

In the heavyweights, rises ranged to ½ in Buffels at £20 while, among others, East Rand Proprietary (£11½) and President Steyn (£18½) were both a half-point better. Kinross were 20 up at 620p.

In Financials, the overseas issues, being cum-premium, were higher in quiet trading. Anglo American saw further Cape demand adding 9 at a year's high of 434p and "Amgold" were a *point up at £40½. London based* issues reflected the lower U.K. Industrial market with RTZ 4 easier at 181p and Charter 2 down at 170p.

In Diamonds, De Beers put on 5 at 275p. Platinums responded to modest Cape interest with Potgietersrust adding 2 at 132p. Coppers were little tested.

Although no better than mixed in home markets overnight, Australian issues edged higher here with Poseidon 10 up at 455p. Tin shares responded to moderate investment demand reflecting their overseas earnings' potential. Southern Kinta (110p) and Malayan Tin (150p) were both 3 to the good at current year highs. Beralt eased 2 to 23p.

Elsewhere, Murchison picked up 30 to 630p owing to renewed Cape demand. Sabina (115p) and Northgate (335p) were both 5 harder.

FINANCIAL TIMES STOCK INDICES

—	April 30	April 29	April 28	April 25	April 24	April 23	A year ago
Government Secs.	56.69	57.10	57.11	57.82	58.40	58.44	56.36
Fixed Interest	57.25	57.53	57.68	58.29	58.77	58.99	56.12
Industrial Ordinary	327.2	333.9	327.9	332.6	337.3	344.0	302.7
Gold Mines	375.3	371.4	372.5	378.9	392.2	394.4	335.4
Ord. Div. Yld. %	6.36	6.25	6.34	6.26	6.12	5.90	6.57
Earnings Yld. % (full)(a)	18.53	18.18	18.68	18.44	17.87	17.34	17.02
P/E Ratio (net) (a)(b)	7.54	7.68	7.48	7.58	7.82	8.08	8.38
Dealings marked	7,659	7,818	7,464	8,327	11,087	11,917	15,745
Equity turnover £m.	—	73.24	64.28	75.64	107.44	178.79	†40.72
Equity bargains total	—	19,362	18,857	20,867	29,055	45,458	†11,519

10 a.m. 331.6. 11 a.m. 330.0. Noon 327.1. 1 p.m. 326.9. 2 p.m. 325.5. 3 p.m. 326.6.

Latest Index 01-246 8026. † Excluding regional exchanges.

(a) Based on 52 per cent. corporation tax. (b) Nil=7.51.

Basis 100: Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.54 (20/3)	49.18 (6/1)	127.4 (9/1/35)	49.18 (6/1/75)
Fixed Int.	62.51 (21/3)	50.53 (6/1)	150.4 (28/11/47)	50.53 (6/1/75)
Ind. Ord.	355.5 (22/4)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	423.6 (26/2)	280.2 (2/1)	425.4 (13/11/74)	43.5 (26/10/71)

S.E. ACTIVITY

—	Apr. 30	April 29
Daily—		
Gilt-Edged	168.4	160.2
Industrials	270.1	276.5
Speculative	76.4	69.7
Totals	174.3	177.9
5-day Av'rge		
Gilt-Edged	157.5	153.4
Industrials	300.0	330.1
Speculative	85.3	90.2
Totals	192.8	212.2

FT—ACTUARIES INDICES

—	April 30	April 29	April 28	April 25	April 24	April 23	A year ago
Industrial Group	129.23	132.75	128.60	130.88	133.05	137.37	120.48
500 Shares	138.95	142.67	138.60	140.32	142.75	146.95	131.83
Div. Yield p.c.	6.31	6.15	6.32	6.24	6.13	5.96	6.19
P/E Ratio (net)	6.76	6.94	6.74	6.85	6.94	7.14	8.16
All Share	139.59	143.54	139.13	140.47	142.89	147.45	129.27
Consols yield p.c.	15.55	15.42	15.42	15.16	15.04	15.04	14.54

MONTHLY AVERAGES OF STOCK INDICES

—	April	March	Feb.	Jan.
Financial Times				
Governmnt Secs	59.25	60.99	57.51	53.28
Fixed Interest	59.67	60.21	57.27	53.55
Industrial Ord.	314.9	292.7	252.6	187.7
Gold Mines	369.7	401.1	369.5	314.7
Dealings mkd.	8,140	8,897	8,550	6,147
F.T. Actuaries				
Ind. Grp.	123.71	118.50	100.24	77.59
500-Share	131.87	124.55	107.99	79.14
All-share (650)	130.99	124.47	106.84	77.72
20-year Govt.	48.39	51.46	44.92	42.45
Red. Debs	42.69	49.07	42.70	39.03

	High	Low
Industrial Ord.	355.5 (22nd)	279.7 (1st)
All-Share	147.45 (23rd)	117.73 (2nd)

AUTHORISED UNIT TRUSTS

[INSURANCE, PROPERTY, BONDS PRICES PAGE 33]

OFFSHORE AND OVERSEAS FUNDS

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1975 High	1975 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
98¼	90¼	Savings 3pc '65-75‡‡	98½	.....	3.05	9.62
98¼	94⅜	Exch 6½pc 1976‡‡	97⅜	−⅛	6.66	9.61
97¼	92¾	Treasury 6½pc 1976‡‡	96⅜	−⅛	6.76	9.70
98¼	97	Victory 4pc 1976‡‡	98	.....	4.08	—
102	96⅞	Treasury 10½pc 1976‡‡	99½xd	−⅛	10.51	10.51
95	88⅞	Treasury 6¼pc 1977‡‡	93¼	−¼	6.70	10.29
91¼	86¼	Electric 3pc '74-77	89½	−⅛	3.35	9.21
103⅜	96⅞	Treasury 11½pc '77‡‡	101⅝	−¼	11.32	10.67
88⅜	84	Treasury 3pc '77	85⅞xd	−¼	3.49	9.37
88⅝	84⅛	Transport 4pc '72-77	85⅞xd	−⅛	4.66	10.23
96⅜	90½	Treasury 9pc 1978‡‡	94½	−½	9.52	11.25
96⅜	94½	Treasury 9pc '78 'A'‡‡	94½	−½	9.52	11.27
100⅛	97¼	Treasury 10½pc '78‡‡	97¾	−⅜	10.74	11.33
87⅜	79	Exchequer 5pc '76-78‡‡	85½	−⅛	5.84	10.08
103	94¾	Treasury 11½pc '79‡‡	100½	−⅝	11.49	11.42
79⅝	71⅜	Treasury 3pc '79‡‡	77¼	.....	3.88	9.45
91	73⅞	Electric 4¼pc '74-79	78¼	−½	5.43	10.53
100¼	96	Treasury 10½% '79‡‡	97½xd	−⅝	10.81	11.32
79⅝	71	Electric 3½pc '76-79	77½xd	−½	4.54	9.87
95	84	Treasury 9pc 1980‡‡	91¼	−⅝	9.86	11.38
		Five to Fifteen Years				
79	68¼	Treasury 3½pc '77-80	76½	−⅛	4.68	9.88
84½	71	Funding 5¼pc '78-80‡‡	81⅝	−⅛	6.59	10.48
75½	66½	Treasury 3½pc '79-81	72⅞	−⅛	4.85	9.93
91⅛	72⅝	Do 8½pc '80-82‡‡	87⅜	−⅝	9.95	11.68
104⅛	86⅝	Treasury 12pc 1983‡‡	99⅞	−⅝	12.20	12.30
78	58	Funding 5½pc '82-84‡‡	73	−½	7.70	10.60
85¼	61⅞	Treasury 8½pc '84-86‡‡	80⅞	−⅝	10.86	12.08
73½	51⅞	Funding 6½pc '85-87‡‡	65½xd	−½	9.92	11.99
76¼	53	Treasury 7¾pc '85-88‡‡	70½	−½	11.32	12.82
46½	32⅞	Transport 3pc '78-88	40⅝	−⅝	7.57	12.43
55¼	39¼	Treasury 5pc '86-89	48⅝	−½	10.33	13.00
		Over Fifteen Years				
75½	53¼	Treasury 8¼pc '87-90‡‡	69	−⅜	12.52	13.62
55⅜	41⅞	Funding 5¾pc '87-91‡‡	49⅜	−⅜	11.74	13.69
97½	59¾	Treasury 12½pc '93‡‡	89¼	−¾	14.19	14.36
54½	40½	Funding 6pc 1993‡‡	47	−⅝	12.98	14.37
75¼	54½	Treasury 9pc '94‡‡	63½xd	−⅝	14.17	14.73
34⅞	24¼	Gas 3pc '90-95	28⅞	−¼	10.39	13.14
102	75	Treasury 12¾pc '95‡‡	86⅝xd	−⅝	14.64	14.76
71⅛	54¼	Treasury 9pc '92-96‡‡	63½	−⅝	14.46	14.91
32¼	26½	Redp. 3pc '86-96	28¼	−⅛	10.71	13.09
69½	53¼	Treasury 8½pc 1997‡‡	61	−⅝	14.70	15.08
59⅞	40¼	Treasury 6¾pc '95-98‡‡	46⅞	−⅝	14.40	15.02
75½	54¼	Treasury 9½pc 1999‡‡	66⅜	−⅝	14.82	15.07
31⅜	22	Funding 3½pc '99-04	26½	−⅛	13.74	14.46
61⅛	47	Treasury 8pc '02-06‡‡	53⅛	−⅝	15.04	15.17
42⅞	33	Treasury 5½pc '08-12‡‡	37¼	−⅜	15.08	15.17
59⅝	43⅛	Treasury 7¾pc '12-15‡‡	52¼	−½	15.27	15.30
		Undated				
29¼	22⅛	Consols 4pc	26½	−⅛	15.67	—
27¼	20⅜	War Loan 3½pc‡‡	22¾xd	−⅛	15.19	—
27½	22⅛	Conv. 3½pc '61 Aft.	24	−⅛	14.76	—
22	17½	Treasury 3pc '66 Aft.	19½	.....	15.55	—
18¼	14¼	Consols 2½pc	16¼	−⅛	15.55	—
18⅛	14½	Treasury 2½pc	16⅛	−⅛	15.71	—

**INTERNATIONAL BANK

1975 High	1975 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
66¼	58	5pc Stock '77-82	64¼	.....	7.81	12.78
96¼	91½	8pc Stock 1976	95½	.....	8.40	12.17

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (MISCEL.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 82¾% (based on $2.3550 per £)

CANADIANS

S.E. List Premium 82¾% (based on $2.3988 per £)

Conversion factor 0.5492 (0.5573)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

RUBBERS AND SISALS

TEA

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
£14¼	780	Durban Deep R1	950	+20	Q120c	♦	7.5
£14	860	E. Rand Prp. R1	£11½	+¼	Q115c	♦	6.5
105	55	Rand Leases [illegible]	62	+6	—	—	—
£33½	£22	[illegible]	£28¾	.....	—	—	—
500	240	West Rand R1	350	.....	Q40c	1.9	7.5

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers adjusted to corporation tax of 52 per cent. on imputation system and 35 per cent. ACT. P/Es calculated on "net" distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on increased ACT, are based on middle prices, are gross and allow for value of declared distributions and rights.

Securities with denominations other than sterling are quoted *inclusive of the investment dollar premium.*

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ♦ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- £ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty
- ♦ Merger bid or reorganisation in progress.
- § Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Based on 1973 profits
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ *Regional price.*
- ‡ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment.

A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 24

FINANCIAL TIMES

Thursday May 1 1975

Hayward halts anti-Marketeers

BY JOHN BOURNE, LOBBY EDITOR

AFTER AN angry, well-argued speech from Mr. Ron Hayward, Labour's general secretary, the anti-Marketeers on the party's National Executive decided, yesterday, not to push ideas for a "national Get Britain Out of the EEC" compaign organised by Transport House.

Although the Left-wingers denied they had capitulated—they had a majority at yesterday's executive meeting had they cared to use it—it seems they were thrown off balance by Mr. Hayward, who has often been an ally of theirs in upholding the rights of the party conference.

Deficit

The basis of his argument was that last Saturday's party conference had specifically decided on a campaign along the lines of his own memorandum. This said that campaigning for the conference's decision — which turned out to be 2-1 in favour of Britain leaving the Common Market—should be left to local parties and individuals.

Mr. Hayward . . . abrasive speech.

One of Mr. Hayward's most telling points in an abrasive, aggressive speech to the executive was that "if anyone is going to alter decisions they had better tell me where I shall get the money from."

Two pro-Market unions—the Postal Workers' and the General and Municipal Workers'—had told him he could not "use their money," he said, and he stressed the stark, uncomfortable fact that the party would be £200,000 in deficit at the end of the year as well as having to look at claims for wage-increases from its own staff.

Finally he mentioned the decision of Transport House staff on Tuesday that individuals and local parties should retain the right to express their own point of view, and that the party should stick by its decision that Common Market meetings should be organised by individual parties and not nationally by Transport House.

The only comfort for the anti-Marketeers was his statement that the new, controversial anti-Market Transport House broadsheet would be sent to local parties and that Transport House would arrange for anti-Market speakers to address meetings, if requested to by local parties.

Yesterday's executive meeting was the shortest on record—25 minutes—and the "antis" were probably silenced mainly by Mr. Hayward's accusation that certain people were trying to split the Labour Party.

In the end, Mr. Ian Mikardo, a leading "anti," quietly moved that the meeting congratulate Mr. Hayward for his speech and his staff for preparing the pamphlets and stickers available for purchase by local parties. Mrs. Shirley Williams, a leading pro-Marketeer, quickly seconded this and the meeting passed the motion unanimously.

Unhappy

Mr. Anthony Wedgwood Benn, believed to be the main supporter of a "national party campaign," had delayed his visit to Newcastle in order to attend the executive meeting, but did not say a word. Pro-Marketeers said he looked unhappy.

Mr. Edward Short, Deputy Leader of the party, then wanted to discuss the controversial broadsheet on the Government's EEC renegotiations — details of which were published yesterday —but Mr. Mikardo replied that the executive did not normally examine such broadsheets "line by line."

The subject was dropped, chiefly because Mr. Hayward recalled that the executive had previously authorised its publicity committee to produce a broadsheet. This would have been published, he added, had 15 anti-Marketeers not suddenly requisitioned yesterday's special meeting. Galley proofs of the broadsheet were shown to members at the meeting.

Mrs. Williams is reported to have been determined to criticise strongly a number of points in the document, but did not get the chance.

Some Labour "antis" now plan to organise, with the help of the TUC or the anti Market unions, at least one "national rally" of their own in Trafalgar Square on the Sunday before the June 5 referendum.

Seamen reject 30% offer

By John Wyles, Labour Reporter

PAY TALKS covering 40,000 merchant navy seamen ran into serious difficulties yesterday when union negotiators flatly rejected an offer totalling 30 per cent.

The rejection leaves the future of the negotiations extremely uncertain and since no date has been fixed for a further meeting the Advisory Conciliation and Arbitration Service may become involved in a bid to break the deadlock.

Despite the fact that the employers' offer was a 3 per cent. increase on proposals rejected last week, the National Union of Seamen showed no signs of budging yesterday on its claim for £40 for a 40-hour week—a demand which the employers say would add 81 per cent. to the industry's present wage bill.

While the two sides will maintain informal contacts over the next few days, the shipping employers made no secret of their concern last night that the highest offer ever made to the seamen had brought no sign of a positive response from the NUS' 24-man negotiating committee.

This was a considerable victory for Left-wing militants on the committee—many of whom were attacked in Mr. Wilson's "small group of politically motivated men" speech during the 1966 seamen's strike.

During the six hours the committee spent considering the employers' offer yesterday not a single moderate emerged to challenge Left-wingers who are mounting a campaign behind the £40 demand set by the NUS' biennial conference last year.

Nevertheless, Mr. Jim Slater, NUS general secretary, who, as a lay official, was one of the militants named by Mr. Wilson in 1966, maintained a conciliatory line last night.

The offer made by the General Council of British Shipping, which negotiates for 200 separate employers, was broadly in line with the settlement reached last week with the merchant navy officers.

Mr. Bill Hunt, chairman of the Council's negotiating committee, said the offer, worth in total £28m., was as far as his members had empowered him to go. He appealed to the union to reconsider its rejection.

The present seamen's pay deal expires on July 2 and yesterday's offer would have increased average earnings from £59.25 to £70.35 for a 67 hour week—a "new money" increase on present earnings of £11.10.

On consolidated basic rates, the effect would have been an increase from £25.44½ to £32.44½ —a "new money" rise of £3.59 if the existing £4.41 threshold is discounted.

Commonwealth urged to back Rhodesia guerillas

BY BRIDGET BLOOM AND J. D. F. JONES

KINGSTON, April 30.

DEMANDS THAT the Commonwealth should give its political and material backing for guerilla warfare in Rhodesia if diplomacy cannot produce a speedy transfer to Black rule were made at the Heads of Government meeting here by the African States.

But in a skilful response, this afternoon, the British Prime Minister side-stepped African criticism of his Government's record on Rhodesia and won applause from Commonwealth leaders—the first for many years on this subject for a British Premier—by announcing a series of measures by which Britain is to boost its assistance to black Rhodesians.

Mr. Wilson spoke immediately after a keynote speech by President Kaunda of Zambia, who called on the Commonwealth summit to give full moral and material support to the achievement of immediate independence and Black rule. Opening the Rhodesian debate here this afternoon, the Zambian President asked the Commonwealth to support Africa's strategy on Rhodesia—the winning of independence by peaceful means if possible but through an intensified arms struggle if inevitable.

A similar appeal was made here this morning by Bishop Abel Muzorewa, president of the African National Council of Rhodesia, who flew into Kingston last night and was permitted to address the Heads of Government for just over an hour in informal session.

The good humour of this afternoon's meeting was the more impressive in view of President Kaunda's criticism of British policy on Rhodesia which, he said, "under the Conservatives was worse than negative." Since 1970 British policy had been "meddling without direction" and he called on the Labour Government to "end this period of inertia."

The highlight of the morning session was the appearance of Bishop Muzorewa who spoke as —in his words—"one of the 5m. slaves of Zimbabwe."

His speech was notable for his insistence that this was the last chance for a peaceful settlement in Rhodesia. After this, armed struggle would be inevitable. In this context he admitted that there were "enormous dangers" in co-operating with South Africa in the present detente policy but these had to be faced because the only alternative was violence.

Many delegates felt the most effective part of his address was his description of the educational problems of Black Rhodesians, and this was where Mr. Wilson scored this afternoon, because he was able to announce a series of aid increases for three funds which exist to help train Black Rhodesians. Britain's contribution to these will rise from the present £800,000 to about £2.5m. by 1977.

It is assumed here that the Commonwealth leaders, including the British, will take the opportunity to consult with the Bishop and with the Rev. Ndabaningi Sithole, his African Nationalist colleague, who arrived here later this afternoon.

The arrival of these men has clearly upset the agenda of the meeting and it remains unclear to-night whether or not the Rhodesian debate will be completed or adjourned until later so the meeting can pass on to the major discussion on world trade.

Wilson tactics criticised Page 5

Split over Alfred Herbert jobs plan

By Kenneth Gooding, Industrial Correspondent

MACHINE TOOL group Alfred Herbert would cut its product range by half if joint management-employee proposals for restructuring the company—which has incurred losses of £14m. over the past four years—are accepted by the Government.

But there have been differences of opinion about the plan, Mr. Neale Raine, chief executive, admitted yesterday. The "one important difference of view" between management and employees is over the Red Lane factory where around 450 are employed.

Mr. Raine did not give details but apparently the proposals sent to the Government suggest Red Lane should be closed down over the next two years.

Broad outline

Mr. Raine gave only a broad outline of the management-employee proposals at the annual meeting yesterday. However, it is generally believed that Herbert will need a cash injection of between £17m. and £20m., will have to lose up to 1,100 employees and will need a complete capital reconstruction involving the Government taking a substantial shareholding.

Mr. Raine also reported that orders received fell from £21.9m. to £16.6m. or 24 per cent. in the first five months of the current financial year when compared with the same period 12 months ago.

There was some improvement in March when the order intake at £3.5m. was 18 per cent. below March last year.

Mr. Raine revealed that an interim draft working document for the Government-management-employee talks developed three proposals:

1—The first assumed the group would continue under its present structure with some modifications to the product range to improve trading results. It involved no radical reorganisation and, although it produced a return on capital in the long term, it was obviously unacceptable commercially.

Product range

2—The second proposed that grinding machine products made at the Red Lane site should be dropped and involved further restructuring of the remaining machine tool product range. This improved the return on capital but did not carry through product rationalisation to the fullest extent possible.

3—Proposed the closure of the Lutterworth site and developed the rationalisation of product range further. It also closed the H.S.T.E. Falmouth site as both operate with licences from De Vlieg.

It is hoped a final decision on Herbert's future will be made within two months.

Gestetner rights issue

By Nicholas Leslie

GESTETNER HOLDINGS, the duplicator equipment group, is planning to raise £10.8m. by a rights issue of loan stock which will be convertible into non-voting "A" Ordinary shares.

This follows closely the Rank Organisation offer of non-voting shares to its U.K. shareholders, an issue which created controversy partly because of opposition to issues of shares which have no franchise. The Stock Exchange generally dislikes such shares and in the case of Rank's issue certain leading insurance companies which strongly oppose non-voting equity declined to underwrite the offer.

The Gestetner family, which owns about 25 per cent. of the total equity—that includes a holding of over 50 per cent. of the voting shares—is not taking part in the issue. The £2.84m. of the total £11.16m. of stock to be issued which the family had "rights" to has been placed with institutions, which will benefit from any value attaching to the rights. The family settlement trustees apparently felt that the Gestetners' existing investment was large enough at present.

A spokesman for N. M. Rothschild, the principal underwriter, said yesterday that sub-underwriting of the stock had been completed. It appears, however, that when sub-underwriters were being sought those institutions known to dislike non-voting shares were not put on the list.

The cash is being raised to finance manufacturing operations and to fund short-term borrowings which, it was stated yesterday, have in the last two years "increased considerably."

Previous year

Gestetner estimates that half-year profits to May 4, 1975, will be lower at not less than £8m., compared with the £8.87m. pre-tax and extraordinary items (adjusted as a result of changes in accounting bases) the previous year.

The terms of the issue will be £1 of 10 per cent. convertible unsecured loan stock 1990-95 for every five shares of any class of capital held. This will be issued at par and convertible between 1978 and 1980 on the basis of 54 "A" Ordinary shares for every £100 of stock.

The total underwriting commission rate will be 2¼ per cent., involving £244,810, payable to Rothschild, the sub-underwriters and the brokers to the issue, Hoare and Co. Govett.

Brandts leaves Accepting Houses Committee

BY MICHAEL BLANDEN

BRANDTS IS leaving the Accepting Houses Committee, the top echelon of City merchant banks, as a result of planned changes in its management relationships within the Grindlays Bank group. The move follows provisions by Brandts of over £14m., mainly on property lending.

It was also learned yesterday that the Stock Exchange had set up an investigation into dealings in the group's shares, thought to be in relation to dealings on the day of the original announcement of Brandts' losses.

The decision to withdraw was taken by the bank in anticipation that it would probably be asked to pull out by the Committee and the Bank of England, which takes a close interest in the accepting houses. Lord Aldington, the chairman, explains in his annual statement that Brandts would no longer have "the degree of management independence which is the mark of all members of the Accepting Houses Committee."

The withdrawal, the first of its kind in recent years, will reduce the numbers of the accepting houses to 17. Brandts was one of the founder members of the Committee when it was first informally set up in 1914: since then the Committee has developed into one of the most important groups in the City, with membership conferring special status on the banks and special privileges and responsibilities in relation to the Bank of England.

The decision follows the heavy losses announced by Brandts, mainly on its property lending, at the beginning of last month. The merchant bank's provisions last year totalled £14 1m.

Lord Aldington explains that some £7m. of this represented specific provisions against the £90m. property loan portfolio, with another £1.2m. against other advances. On top of this there was £1.7m. set aside against the drop in the value of portfolio investments, and an additional general provision of £4.1m.

These provisions, with another general provision of £4.8m. in Grindlays itself, has left the group with a loss of nearly £10m. after tax, making a large dent in its capital resources. Lord Aldington confirms that talks are going on with the two major shareholders, Lloyds Bank and First National City Bank of New York, "with a view to securing an appropriate increase in our capital resources."

The group is considering boosting its capital by between £15m. and £30m. in equity, loan stock or both.

In Brandts itself special steps are to be taken to handle the difficult loan accounts, and other improvements are expected to follow from closer management co-ordination and a reduction in overheads. The chairman adds that "one must now recognise that those who are ultimately responsible, that is, the Grindlays Board, must have effective power over all activities."

Details, Page 24

Continued from Page 1

North Sea

time a broad "holding" guarantee to the other partners that the Government would meet Tricentrol and United Canso's share of expenditure if necessary, the Department of Energy has now negotiated a full guarantee of £38.3m. in Tricentrol itself to enable the company to raise bank finance.

Associated Newspapers' accession, meanwhile, will give the Government a controlling interest in this company's 12.5 per cent. interest in the Argyll Field—a fairly small field expected to be the first on production early this autumn with a production of 35,000 barrels per day.

In opening the Second Reading of the Petroleum and Submarine Pipelines Bill, Mr. Varley also declared that the British National Oil Corporation would have its headquarters in Glasgow, as expected. A committee to run the new State group, including a chairman and chief executive, is likely to be announced later next month.

● Despite bitter opposition from the Tories, the Government's Petroleum and Submarine Pipelines Bill was given a second reading in the Commons last night by 28 votes (286 to 258).

Continued from Page 1

Tories to oppose Leyland plan

possible reconstruction of the company.

Every day's delay was causing great harm to the company, he said. "It is our strong plea that, irrespective of the legal position of the reconstruction, the Board of British Leyland in its desire for the ongoing viability and success of the company, will agree—while reserving all rights as far as shareholders are concerned—that this structure will be implemented without delay."

By implication, Leyland has already accepted the need to act on Sir Don's plan before the legal transfer of power from private to public sector

It has cautiously welcomed the report, and has responded to his view that top management should change with the appointment of Mr. Alex Park as "acting" managing director.

In addition Lord Stokes has given some indication of willingness to take a non-executive presidential role without a seat on the Board.

Sir Don is arguing that this process of change—a "unique" situation, he called it yesterday —can continue on the nod from the Board, and presumably without the immediate consent of the shareholders.

"It is the Board, and only the Board, which can implement the structure," he said.

How Leyland will respond to this plea will become clearer over the next few days in its attitude to the key appointments in the new structure.

These have been laid down in considerable detail in the unpublished longer report. If the Board is to accept a smooth transference of power, these appointments should be made shortly, possibly before the next scheduled meeting on Tuesday.

On Sir Don's arguments it could still make the appointments even if it decided—as has been rumoured—to press for a higher bid from the Government than 10p a share.

Pressed closely by MPs yesterday, Sir Don revealed that the unpublished version of his report goes into considerable detail on marketing, finance and model policy. He foresaw close control over the company by the NEB, with tight monitoring of performance.

THE LEX COLUMN

Gestetner tests its goodwill

The controversy over the Rank Organisation offer has apparently not discouraged further issues of non-voting shares: Gestetner now intends to raise £10.8m. net via a rights issue of 10 per cent. loan stock, convertible only into "A" shares. The Gestetner family is thus able to retain its effective control of the voting equity, and it does not intend to subscribe for its £2.84m. rights entitlement. This has been placed, and the issue has been successfully underwritten though presumably the issuing house knew who not to ask since it also handled the Rank offer.

The issue has been made necessary by a sharp rise in debt since 1973: net short-term borrowings increased by £19.9m. in the year to November, and there has been a further £4m. outflow since then. Proceeds will be used to reduce this total and then primarily to finance working capital; no major increase in capital investment is planned, though the new plain paper copying side's prospects are specifically mentioned.

The acquisition of Rex Rotary in Denmark was responsible for about £14m. of the increase in debt last year, including £4.7m. of purchase costs. And it lost £671,000 pre-tax and interest costs of £531,000 in this period, mainly because of the problems of its calculator side, which has now been closed down for a terminal loss of £1.6m. The rest of Rex should now be profitable, but the profits of the rest of the group are expected to fall from about £8.87m. to not less than £8m. in the first half of 1974-75 because of a worldwide downturn in demand. The group can, however, point to its good long-term record, high overseas content and return on capital employed of over a fifth. The goodwill built-up here is now being tested, to judge by the 11p fall to 155p yesterday. The market capitalisation is £86.5m.

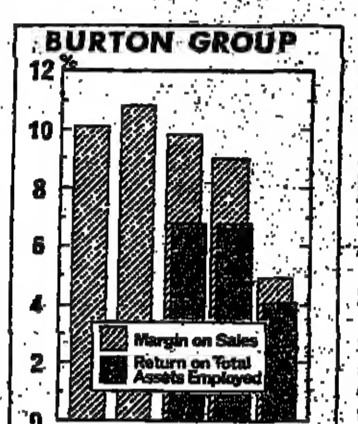
Burton

After all the fuss, Burton has emerged with one star performer in the six months to March—the Top Shop/Peter Robinson group, where a swing from losses to profits must have been worth upwards of £½m. France has done better, and so has the manufacturing side—although it is not making money yet, and the comparison is with the three-day week period. But the Ryman chain has slipped back badly on office furniture

Index fell 6.7 to 327.2

and machinery (about two-fifths of its sales) and the fundamental problems of Burton Menswear have yet to be resolved. The upshot is profits to date of £1.9m. before special items, against £1.2m. a year ago —and £4.3m. in the first half of 1972-73.

Sales on a comparable basis are 22 per cent. higher: that rate may well slow down over the rest of the year, although April was an encouraging month. Most observers seem to think that the group will be pressed to cover its dividend out of operating profits this year—which would require about



£3.3m. pre-tax—although the payment itself ought to be safe. Burton claims that its market share in menswear has now stabilised, and that the productivity and quality of its manufacturing facilities has been significantly improved, along with its buying and overall management controls. But margins at Burton Menswear could now be less than half those of, say, J. Hepworth, and it is difficult to see a dramatic improvement here in the current environment. The shares are just about accustomed to the idea that there can be no magic way of turning the enormous book assets into profits: at 70p, the yield is 9¼ per cent. and the market capitalisation around £26m.

Grindlays Bank

Refinancing Grindlays Bank is going to be a tricky business. The balance sheet shows that the tangible capital base represents under 4 per cent. of deposits, so the bank is likely to want nearer £30m. £15m. of new capital would take the margin 5.9 per cent. An all funding would be the if it was simply a quest exploiting the £11.6m. tax losses. But Nationa Grindlays Holdings, which 60 per cent., is only cap at £18m. And since it wants to remain an dent, U.K.-controlled op there are obvious limits increased participation other shareholder, National City Bank.

Some combination of and equity will provi solution, and the share p Holdings—in which Lloy a 41 per cent. holding ing that the public share are going to be given degree of protection.

As for Brandts, the pro specifically related to p turn out to be less than cent. of property advan £7m. All its inner "have been released" figure was rather greate the £1.3m. transfer disc Brandts' figures, but plainly quite irrelevant context of its risks.

But Brandts' new sta have no adverse impact Bank's profitability, wh rising fast despite the lost on property loans overseas side is doing the big gilts book—£4 year, and yielding unde cent.—is costing a good to finance, and there ar some write-backs on po investments, which too £3m. last year.

Clarke Chapman

For 1974 Clarke Chap 55 per cent. ahead at pre-tax. The result maiden (and unquantifi months' contribution from national Combustion—ac sition which added ove fifths to the group equit is broadly what the mark expecting. But in the of pointers to the curren the shares dropped 5p yesterday. After all, demand patterns in boile not been too hopeful o and group net orders ir of just over £200m. cu are roughly what they June. CC has cushio cranes, and in exports a overseas companies wh gether account for a th turnover. But a yield per cent.—covered 2.8 is still two points up heavy engineering avera-

Weather

Sunny spells, scattered showers in E. Anglia, S. England. Other areas: Cloudy, showers, bright intervals.

London, E., N.W., Cen. N., S.E., Cen. S., S.W. England, Midlands, Channel Islands, Wales.
Cloudy, sunny spells, scattered showers. Wind W. moderate. Temps. near normal.

Lake District, Isle of Man, N.E. England, Borders, Edinburgh, E. Scotland, Aberdeen.
Cloudy, showers, bright spells. Wind S.W. fresh. Rather cold.

Rest of Scotland
Cloudy, some showers, snow on hills, bright spells.

N. Ireland
Cloudy, showers, more rain later. Wind S.W., fresh. Rather cold. Max. 10C (50F).

Outlook: Cloudy, some rain in N. Sunny spells in S.

Long range forecast, Page 11

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Alexandria	C	19	66	Luxembrg.	F	11	52
Amstrdm.	S	11	52	Madrid	S	19	66
Athens	S	19	66	Manchstr.	F	9	48
Bahrain	S	28	82	Melbourne	R	14	57
Barcelona	S	18	64	Milan	S	23	73
Beirut	F	20	68	Montreal	S	11	52
Belfast	C	10	50	Moscow	S	17	63
Belgrade	S	20	68	Munich	F	19	66
Berlin	S	24	75	Newcastle	S	10	50
Birmghm.	F	10	50	New York	S	15	59
Bristol	F	11	52	Oslo	R	7	45
Brussels	F	13	55	Paris	F	14	57
Budapest	S	21	70	Perth	S	24	75
B Aires	S	13	55	Prague	S	22	72
Cairo	S	28	82	Reykjavik	C	4	39
Cardiff	S	11	52	Rio de J'o	S	30	86
Cologne	F	11	52	Rome	S	18	64
Copnhagn.	S	14	57	Singapore	S	30	86
Dublin	F	11	52	Stockholm	S	17	63
Edinb'rgh	F	9	48	Strasbourg	C	11	52
Frankfurt	C	11	52	Sydney	C	25	77
Geneva	C	15	59	Tel Aviv	S	20	68
Glasgow	F	9	48	Tokyo	C	22	72
Helsinki	S	17	63	Toronto	S	14	57
H. Kong	C	24	75	Vienna	S	22	72
Jo'burg	S	21	70	Warsaw	S	19	66
Lisbon	S	19	66	Zurich	F	13	55
London	F	13	55				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	19	66	Jersey	F	13	55
Alders	C	18	64	Las Plms.	S	20	68
Biarritz	F	14	57	Locarno	S	21	70
Blackpool	S	11	52	Luxor	F	30	86
Bordeaux	F	14	57	Majorca	S	18	64
Boulogne	F	10	50	Malaga	S	17	63
Casablnca.	S	19	66	Malta	F	17	63
Cape Tn.	S	21	70	Nairobi	S	21	70
Corfu	R	20	68	Naples	S	18	64
Dubrovnik	S	18	64	Nice	S	17	63
Faro	S	20	68	Oporto	S	17	63
Florence	S	20	68	Rhodes	S	20	68
Funchal	C	18	64	Salzburg	F	20	68
Gibraltar	F	17	63	Tangier	S	19	66
Guernsey	S	11	52	Tenerife	S	13	55
Innsbruck	F	20	68	Tunis	S	19	66
Inverness	F	8	46	Valencia	F	18	64
I. of Man	F	9	48	Venice	S	21	70
Istanbul	R	11	52				

S—Sunny. F—Fair. C—Cloudy. R—Rain

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